Daseke 2021 Annual Report

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

Form 10-K

(Mark One)

☑ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2021.**

☐ **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: 001-37509

DASEKE, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

47-3913221
(IRS Employer Identification No.)

15455 Dallas Parkway, Suite 550
Addison, Texas
(Address of principal executive offices)

75001
(Zip Code)

Registrant's telephone number, including area code
(972) 248-0412
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	DSKE	The NASDAQ Capital Market
Warrants, each exercisable for one half of a share of Common Stock at an exercise price of $5.75 per half share	DSKEW	The NASDAQ Capital Market

Securities registered pursuant to Section 12(g) of the 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) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer ☐ 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑
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 voting and non-voting common stock held by non-affiliates of the registrant, computed by reference to the last sales price as reported on the NASDAQ Capital Market as of June 30, 2021, the last business day of the registrant's most recently completed second fiscal quarter, was $291.8 million.
62,566,133 shares of common stock were outstanding as of February 18, 2022.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement for its 2022 Annual Meeting of Stockholders to be filed within 120 days of the Registrant's fiscal year ended December 31, 2021 are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated.

DASEKE, INC.
2021 ANNUAL REPORT ON FORM 10-K
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this Form 10-K) may contain forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) with respect to the financial condition, results of operations, plans, objectives, future performance and business of Daseke, Inc. (Daseke or the Company). Statements preceded by, followed by or that include words such as “may,” “will,” “expect,” “anticipate,” “continue,” “estimate,” “project,” “believe,” “plan,” “should,” “could,” “would,” “goals” or similar expressions are intended to identify some of the forward-looking statements. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements may include statements about the Company’s goals; the Company’s business strategy; the Company’s financial strategy, liquidity and capital required for its business strategy and plans; the Company’s competition and government regulations; general economic conditions; and the Company’s future operating results.

Forward-looking statements are based on the Company’s management’s current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. As such, forward-looking statements involve risks and uncertainties, most of which are difficult to predict and many of which are beyond the Company’s control. These risks include, but are not limited to, general economic and business risks, driver shortages and increases in driver compensation or owner-operator contracted rates, loss of senior management or key operating personnel, the Company’s ability to recognize the anticipated benefits of recent acquisitions, the Company’s ability to identify and execute future acquisitions successfully, seasonality and the impact of weather and other catastrophic events, fluctuations in the price or availability of diesel fuel, increased prices for, or decreases in the availability of, new revenue equipment and decreases in the value of used revenue equipment, the Company’s ability to generate sufficient cash to service all of its indebtedness, restrictions in the Company’s existing and future debt agreements, increases in interest rates, changes in existing laws or regulations, including environmental and worker health and safety laws and regulations and those relating to tax rates or taxes in general, the impact of governmental regulations and other governmental actions related to the Company and its operations, litigation and governmental proceedings, and insurance and claims expenses. Other factors described herein, or factors that are unknown or unpredictable, could also have a material adverse effect on future results. See “Item 1A. Risk Factors,” “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” for a description of various factors that could cause actual results to differ materially from those contemplated by forward-looking statements.

Forward-looking statements speak only as of the date on which such statements are made. The Company undertakes no obligation to update any forward-looking statements for any reason, whether as a result of new information, future events or otherwise, except as required by federal securities law. Accordingly, readers are cautioned not to place undue reliance on the forward-looking statements.

WHERE YOU CAN FIND MORE INFORMATION

The Company files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). The Company’s SEC filings are available to the public through the Internet at the SEC's website at http://www.sec.gov.

The Company also makes available free of charge on its Internet website at http://investor.daseke.com all of the documents that the Company files with the SEC as soon as reasonably practicable after it electronically files those documents with the SEC. Information contained on the Company’s website is not incorporated by reference into and does not otherwise form a part of this Form 10-K.

PART I

Item 1. Business

Overview

On February 27, 2017, Hennessy Capital Acquisition Corp. II (Hennessy), a special purpose acquisition corporation, consummated the merger of Hennessy's wholly-owned subsidiary with and into Daseke, Inc. (Daseke, the Company, we, us or our), with Daseke, Inc. surviving as a direct wholly-owned subsidiary of Hennessy (the Business Combination). Upon consummation of the Business Combination, Daseke, Inc. changed its name to Daseke Companies, Inc. and Hennessy changed its name to Daseke, Inc.

Daseke is a premier North American transportation solutions specialist dedicated to servicing challenging industrial end-markets through experienced people, a fleet of more than 4,500 tractors and 11,000 flatbed and specialized trailers, and has operations throughout the United States, Canada and Mexico. The Company also provides logistical planning and warehousing services to customers. The Company is subject to regulation by the Department of Transportation, the Department of Defense, the Department of Energy, and various state regulatory authorities in the United States. The Company is also subject to regulation by the Ministries of Transportation and Communications and various provincial regulatory authorities in Canada. The Company's predecessor was incorporated in Delaware in 2008.

The Company believes it provides one of the most comprehensive transportation and logistics solutions offerings in the open-deck industry. The Company delivers a diverse offering of transportation and logistics solutions to approximately 5,300 customers across the continental United States, Canada and Mexico through two reportable segments: Flatbed Solutions and Specialized Solutions. The Flatbed Solutions segment focuses on delivering transportation and logistics solutions that principally require the use of flatbed and retractable-sided transportation equipment, and the Specialized Solutions segment focuses on delivering transportation and logistics solutions that require the use of specialized trailering transportation equipment. Excluding intercompany eliminations, the Flatbed Solutions segment generated approximately 44% of total segment revenue in 2021, and the Specialized Solutions segment generated approximately 56% of total revenue in 2021. As of December 31, 2021, the Flatbed Solutions segment operated 2,371 tractors and 4,207 trailers, and the Specialized Solutions segment operated 2,326 tractors and 7,059 trailers. In 2021, Daseke's company and owner-operator drivers drove 405.5 million miles.

Both of the Company's reportable segments operate highly flexible business models comprised of company-owned tractors and trailers and asset-light operations (which consist of owner-operator transportation, freight brokerage and logistics). The Company's asset-based operations have the benefit of providing shippers with certainty of delivery and continuity of operations. Alternatively, the Company's asset-light operations offer flexibility and scalability to meet customers' dynamic needs and have lower capital expenditure requirements and fixed costs. In 2021, approximately 44% of the Company's freight, logistics and brokerage revenue was derived from company-owned equipment and approximately 56% was derived from asset-light services.

Industry and Competition

Open-deck freight is defined as loads secured atop trailer decks without sides or a roof and is generally both complex and time-sensitive, which separates it from traditional dry-van freight. The open-deck industry is focused on different customers with different freight requirements than traditional dry-van and requires highly trained drivers and specialized equipment with the ability to handle uniquely shaped and overweight cargo. Specialized loads often require specific expertise to address the additional administrative paperwork, proper licenses and hauling permits, extensive coordination with local officials and escort vehicles.

Open-deck routes are frequently more irregular than dry-van routes due to the nature of the freight. Open-deck lanes stretch across the country, with particular density around corridors of significant lumber, steel and machinery production, notably in Texas, as well as the Southeast, Midwest, and West Coast regions of the United States.

The open-deck industry is highly competitive and fragmented. The Company competes primarily with other flatbed carriers and to a lesser extent, logistics companies, as well as railroads. The Company competes with other motor carriers for the services of drivers, independent contractors and management employees and with logistics companies for the services of third-party capacity providers and management employees. The Company believes that the principal differentiating factors in its business, relative to competition, are scale, North American footprint of operations, service, efficiency, pricing, the availability and configuration of equipment that satisfies customers' needs, and its ability to provide comprehensive transportation solutions to customers.

Customers

The Company's customers, many of whom are Fortune 500 companies, rely on it to transport mission-critical loads, making it an integral part of their supply chains. As of December 31, 2021, the Company has approximately 5,300 customers. The Company's ability to dependably transport high-value, complex and time-sensitive loads as well as provide the value-added logistics services required to plan, transport and deliver loads has resulted in longstanding and established customer relationships. Several of our top customer relationships span more than 20 years on average at the Company's operating divisions.

The Company's customers represent a broad and attractive range of end markets. Examples of the freight the Company regularly transports include aircraft parts, manufacturing equipment, structural steel, pressure vessels, wind turbine blades, heavy machinery (construction, mining and agriculture), commercial glass, high security cargo, arms, ammunition and explosives (AA&E), lumber and building and construction materials. Because the Company's customers are generally in the industrial and manufacturing sector, as is typical for open-deck services providers, the Company is not subject to the same consumer-driven demand as dry-van trucking companies, whose freight typically includes consumer goods and whose volume can peak during the holiday season.

In 2021, the Company's Flatbed Solutions segment provided transportation and logistics solutions to approximately 2,500 customers, and the Company's Specialized Solutions segment provided unique, value-added transportation and logistics solutions to approximately 3,300 customers. See Note 15 of the Company's audited consolidated financial statements included elsewhere in this Form 10-K for information on its two reportable segments.

A material portion of the Company's revenue is generated from its major customers, the loss of one or more of which could have a material adverse effect on its business. In 2021 and 2020, the Company's top ten customers accounted for approximately 27% and 31%, respectively, of its revenue; in 2021, no single customer accounted for 10% or more of the Company's revenue and in 2020, one customer represented approximately 10% of the Company's revenue.

Revenue Equipment

As of December 31, 2021, the Company operated 2,623 company-owned tractors and also had under contract 2,074 tractors owned and operated by independent contractors. The Company also operated 11,266 trailers as of December 31, 2021. Growth of its tractor and trailer fleet is determined by market conditions and its experience and expectations regarding equipment utilization and driver recruitment and retention. In acquiring revenue equipment (tractors, trailers and trailer accessories), the Company considers a number of factors, including economy, price, rate, economic environment, technology, warranty terms, manufacturer support, driver comfort and resale value. The Company maintains strong relationships with its equipment vendors and the financial flexibility to react as market conditions dictate.

Human Capital

The success and growth of our business is driven by our employees. Our key human capital objectives are to attract, retain, and incentivize talented and experienced existing and future employees to manage and support our operations. We provide our employees compensation and benefit packages, which we believe are competitive within our industry as well as the local markets in which we operate. We understand that providing employees with the resources and support they need to live a healthy life is critical for sustaining a workplace of choice, and our compensation and benefit packages include access for our employees and their families to flexible and convenient health and wellness programs that support their physical, mental, and financial health by providing tools and resources to help them improve or maintain their health. In response to COVID-19, we implemented safety measures at our various locations, which included remote working when practical, expanded health and safety policies, facility modifications, increased communications to employees regarding the impact of the COVID-19, physical distancing procedures, personal protective equipment, and cleaning supplies, increased cleaning protocols, expanding the use of virtual meetings, and minimizing non-essential travel.

As of December 31, 2021, the Company had 4,006 employees, which included 2,454 company drivers. The Company is not a party to any collective bargaining agreements.

We value providing opportunity to people regardless of background and strongly believe that diversity and inclusion make us stronger as a company. We reaffirm our commitment to equal employment opportunity for all people and comply with all applicable federal and state laws pertaining to equal employment opportunity. It is our philosophy to treat our employees and applicants fairly without regard to race, color, sex, religion, national origin, disability, present, past, or future service in any branch of the uniformed services of the United States,

citizenship, sexual orientation or gender identity. Our management teams and all of our employees are expected to exhibit and promote honest, ethical and respectful conduct in the workplace.

The Company also contracts with owner-operator drivers to provide and operate tractors, which provide additional revenue equipment capacity. Independent contractors own or lease their own tractors and are responsible for all associated expenses, including financing costs, fuel, maintenance, insurance and highway use taxes. As of December 31, 2021, the Company had 2,309 independent contractors, who accounted for approximately 45% of total miles in 2021.

The Company's strategy for both company and owner-operator drivers is to (i) use safe and experienced drivers (the majority of driver positions hired require twelve months of over-the-road experience); (ii) promote retention with positive working conditions and a competitive compensation package in the case of company drivers and contracted rates in the case of owner-operator drivers; and (iii) foster a safety-first culture through screening, mandatory drug testing, continuous training, electronic logging system and rewards for accident-free driving. The Company also seeks to minimize turnover of company drivers by providing highly attractive tractors and focusing on providing upgraded nationwide facilities. As a result, at least one of the Company's operating companies has been named to the Truckload Carriers Association's 20 Best Fleets to Drive For® in North America each year since 2010.

Safety

The Company takes pride in its safety-focused culture and conducts mandatory intensive orientation for all of its drivers. The U.S. Department of Transportation (DOT) requires that the Company perform drug and alcohol testing that meets DOT regulations, and its safety program includes pre-employment, random and post-accident drug testing and all other testing required by the DOT. The Company also equips its company tractors with critical-event recorders to help continually train drivers and widely deploys truck-mounted cameras, so that the Company can mitigate or reduce the severity of accidents and claims.

Risk Management

The primary safety-related risks associated with the Company's business include damage to cargo hauled, physical damage to company equipment, damage to buildings and personal property, third-party personal injury and property damage and workers' compensation. The Company regularly reviews insurance limits and retentions. The Company's historic auto liability retention, in the majority of instances, was $0.5 million per occurrence. However, after setting up a risk retention group in 2021, our auto liability retention, has increased to $2.0 million per occurrence. In addition, the Company has secured excess liability coverage of up to $48.0 million per occurrence with retention limits of $7.0 million in aggregate.

To the extent under dispatch and in furtherance of the Company's business, its owner-operators are covered by the Company's liability coverage. However, each such owner-operator is responsible for physical damage to his or her own equipment, occupational accident coverage, workers' compensation, and liability exposure while the truck is used for non-company purposes.

Fuel

The Company actively manages its fuel purchasing network in an effort to maintain adequate fuel supplies and reduce its fuel costs. The Company purchases its fuel through a network of retail truck stops with which it has negotiated volume purchasing discounts. The Company seeks to reduce its fuel costs by routing its drivers to truck stops with which the Company has negotiated volume purchase discounts when fuel prices at such stops are lower than the bulk rate paid for fuel at the Company's terminals. The Company stores fuel in aboveground and underground storage tanks at some of its facilities.

To help offset increases in fuel prices, the Company utilizes a fuel surcharge program designed to compensate the Company for fuel costs above a certain cost per gallon base. Generally, the Company receives fuel surcharges on the miles for which it is compensated by customers. However, in some cases, a customer may request an all-in freight rate without a separate contracted fuel surcharge. In those instances, the Company invoices the all-in freight rate to the customer and allocates an estimated portion of the freight revenue to fuel surcharge revenue. In addition to its fuel surcharge program, the Company believes the most effective protection against fuel cost increases is to maintain a fuel-efficient fleet by incorporating fuel efficiency measures. The Company does not currently use derivatives as a hedge against higher fuel costs.

Seasonality

In the transportation industry, results of operations generally show a seasonal pattern. The Company's productivity decreases during the winter season because inclement weather impedes operations and end-user activity, and some shippers reduce their shipments during winter. At the same time, operating expenses increase and fuel efficiency declines because of engine idling and harsh weather, creating higher accident frequency, increased claims and higher equipment repair expenditures. The Company also may suffer from weather-related or other events such as tornadoes, hurricanes, blizzards, ice storms, floods, fires, earthquakes and explosions, which may increase in frequency or intensity due to climate change.

Regulation

The Company's operations are regulated and licensed by various federal, provincial, state, local and foreign government agencies in the United States and Canada. In the United States, the Company and its drivers must comply with the safety and fitness regulations of the DOT and the agencies within the states that regulate transportation, including those regulations relating to drug- and alcohol-testing and hours-of-service. Weight and equipment dimensions also are subject to government regulations. The Company also may become subject to new or more restrictive regulations relating to fuel emissions, environmental protection, drivers' hours-of-service, driver eligibility requirements, on-board reporting of operations, collective bargaining, ergonomics and other matters affecting safety, insurance and operating methods. Other agencies, such as the U.S. Environmental Protection Agency (EPA), the U.S. Department of Homeland Security (DHS), the U.S. Department of Defense (DOD) and the U.S. Department of Energy (DOE) also regulate the Company's equipment, operations, drivers and the environment. The Company conducts operations outside of the United States, and is subject to analogous governmental safety, fitness, weight and equipment regulations and environmental protection and operating standards. For example, in Canada, the Company must conduct its operations in various provinces pursuant to operating authority granted by the Ministries of Transportation and Communications in those provinces. The Company is also subject to the Foreign Corrupt Practices Act (FCPA), which generally prohibits United States companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining favorable treatment. If the Company is not in compliance with the FCPA, other anti-corruption laws or other laws governing the conduct of business with government entities (including local laws), it may be subject to criminal and civil penalties and other remedial measures, which could harm its reputation and have a material adverse impact on the Company's business, financial condition, results of operations, cash flows and prospects. Any investigation of any actual or alleged violations of such laws could also harm the Company's reputation or have a material adverse impact on its business, financial condition, results of operations, cash flows and prospects.

Transportation Regulations

The DOT, through the Federal Motor Carrier Safety Administration (FMCSA), imposes safety and fitness regulations on the Company and its drivers. In addition, the Company's subsidiaries that act as property brokers have property broker licenses issued by the FMCSA.

In June 2020, FMCSA revised its Hours-of-Service Rule, which addresses safety issues such as the maximum amount of time that drivers are permitted to be on duty to ensure that drivers stay awake and alert. The revised rule provided flexibility by requiring drivers to take 30-minute breaks after eight hours of consecutive driving time (rather than on-duty time) and the requirement can be satisfied by any non-driving period of 30 consecutive minutes. The revised rule also expands the driving window during adverse driving conditions by an additional two hours, updates the sleeper birth provision to provide more flexibility, and expands the short-haul exception that exempts certain drivers from the requirements when they operate within a 150 air-mile radius of their reporting location and do not exceed a 14-hour duty period.

The FMCSA has adopted a data-driven Compliance, Safety and Accountability (the CSA) program as its safety enforcement and compliance model. The CSA program holds motor carries and drivers accountable for their role in safety by evaluating and ranking fleets and individual drivers on certain safety-related standards. The CSA program affects drivers because their safety performance and compliance impact their safety records and, while working for a carrier, will impact their carrier's safety record. The methodology for determining a carrier's DOT safety rating relies upon implementation of Behavioral Analysis and Safety Improvement Categories (BASIC) applicable to the on-road safety performance of the carrier's drivers and certain of those rating results are provided on the FMCSA's Carrier Safety Measurement System website. As a result, certain current and potential drivers may no longer be eligible to drive for the Company, the Company's fleet could be ranked poorly as compared to its peer firms, and the Company's safety rating could be adversely impacted. The occurrence of future deficiencies could affect driver recruiting and retention by causing high-quality drivers to seek employment (in the case of company drivers) or contracts (in the case of owner-operator drivers) with other carriers, or could cause the Company's customers to direct their business away from the Company and to carriers with better fleet safety rankings, either of which would adversely affect the Company's results of operations and productivity. Additionally, the Company may incur greater than expected expenses in its attempts to improve its scores as a result of such poor rankings. Those carriers and drivers identified under the CSA program as exhibiting poor BASIC scores are prioritized for interventions, such as warning letters and roadside investigations, either of which may adversely affect the Company's results

of operations. To promote improvement in all CSA categories, including those both over and under the established scoring threshold, the Company has procedures in place to address areas where it has exceeded the thresholds and the Company continually reviews all safety-related policies, programs and procedures for their effectiveness and revises them, as necessary, to establish positive improvement. However, the Company cannot assure you these measures will be effective.

The methodology used to determine a carrier's safety rating could be changed by the FMCSA and, as a result, the Company's acceptable safety rating could be impaired. In particular, the FMCSA continues to utilize the three safety fitness rating scale—"satisfactory," "conditional," and "unsatisfactory"—to assess the safety fitness of motor carriers and the Company currently has a "satisfactory" FMCSA rating on 100% of its fleet. However, pursuant to a 2015 federal statutory mandate, the FMCSA commissioned the National Academy of Sciences (NAS) to conduct a study and report upon the CSA program and its underlying Safety Measurement System (SMS), which is the FMCSA's process for identifying patterns of non-compliance and issuing safety-fitness determinations for motor carriers. In June 2017, the NAS published a report on the subject providing specific recommendations and concluding, among other things, that the FMCSA should explore a more formal statistical model to replace the current SMS process. In June 2018, the FMCSA posted its response to the NAS study in a report to Congress, concluding, among other things, that it would develop and test a new model, the Item Response Theory (IRT), which would replace the SMS process currently used. The FMCSA has completed small scale testing of the IRT model and is evaluating next steps to roll out the program. The FMCSA's June 2018 response was audited by the DOT Inspector General to assess consistency with the NAS recommendations, and the agency extended its timeline for considering the IRT model as a potential replacement for the SMS to September 2020; the FMCSA did not meet that deadline and the anticipated timing to finalize its decision is unclear. In the event and to the extent that the FMCSA adopts the IRT model in replacement of the SMS or otherwise pursues rulemakings in the future that revise the methodology used to determine a carrier's safety rating in a manner that incorporates more stringent standards, then it is possible that the Company and other motor carriers could be adversely affected, as compared to consideration of the current standards. If the Company were to receive an unsatisfactory CSA score, whether under the current SMS process, the IRT model, should it be finalized, and adopted, or as a result of some other safety-fitness determination, it could adversely affect the Company's business as some of its existing customer contracts require a satisfactory DOT safety rating, and an unsatisfactory rating could negatively impact or restrict the Company's operations.

In the aftermath of the September 11, 2001 terrorist attacks, federal, state and municipal authorities implemented and continue to implement various security measures, including checkpoints and travel restrictions on large trucks. This could reduce the pool of qualified drivers, which could require the Company to increase driver compensation or owner-operator contracted rates, limit fleet growth or allow trucks to be non-productive. Consequently, it is possible that the Company may fail to meet the needs of customers or may incur increased expenses.

The FMCSA published a final rule in December 2015 mandating the use of Electronic Logging Devices (ELDs) for commercial motor vehicle drivers to measure their compliance with hours-of-service requirements by December 18, 2017. The 2015 ELD final rule generally applies to most motor carriers and drivers who are required to keep records of duty status, unless they qualify for an exception to the rule, and the rule also applies to drivers domiciled in Canada and Mexico. Starting December 16, 2019, all carriers and drivers subject to the 2015 final rule, including the Company, must use ELDs.

Environmental Regulations

The Company is subject to various environmental laws and regulations governing, among other matters, the operation of fuel storage tanks, release of emissions from its vehicles (including engine idling) and facilities, and adverse impacts to the environment, including to the soil, groundwater and surface water. The Company has implemented programs designed to monitor and address identified environmental risks. Historically, the Company's environmental compliance costs have not had a material adverse effect on its business or results of operations; however, there can be no assurance that such costs will not be material in the future or that such future compliance will not have a material adverse effect on the Company's business and results of operations. Additionally, certain of the Company's operating companies are partners in the EPA's SmartWay Transport Partnership, a voluntary program promoting energy efficiency and air quality. If the Company fails to comply with applicable environmental laws or regulations, the Company could be subject to costs and liabilities. Those costs and liabilities may include the assessment of sanctions, including administrative, civil and criminal penalties, the imposition of investigatory, remedial or corrective action obligations, the occurrence of delays in permitting or performance of projects and the issuance of orders enjoining performance of some or all of its operations in a particular area. The occurrence of any one or more of such developments could have a material adverse effect on the Company's business and operating results.

The Company maintains bulk fuel storage and fuel islands at some of its terminals. The Company also has vehicle maintenance operations at certain of its facilities. The Company's operations involve the risks of fuel spillage or seepage into the environment, discharge of contaminants, environmental and natural resource damage, and unauthorized hazardous material spills, releases or disposal actions, among others. Some of the Company's operations are at facilities where soil and groundwater contamination have occurred, and the Company or its predecessors have been responsible for remediating environmental contamination at some locations. In the past, the Company has also been responsible for the costs of cleanup of cargo and diesel fuel spills caused during its transportation operations, including as a result of

traffic accidents or other events. If the Company is found to be responsible for such contamination or spills, the Company could be subject to costs and liabilities, including costs for remediation, environmental and natural resource damages and penalties.

In October 2016, the EPA and the National Highway Traffic Safety Administration (NHTSA) jointly published final Phase 2 standards for improving fuel efficiency and reducing greenhouse gas emissions from new on-road medium- and heavy-duty vehicles beginning for model year 2019 and extending through model year 2027. The Phase 2 standards build upon the Phase 1 standards, encouraging wider application of currently available technologies and the development of new and advanced cost-effective technologies through model year 2027. In addition, greenhouse gas emissions limits and fuel efficiency standards will be imposed on new trailers. The Phase 2 standards were challenged in federal court, and the litigation remains in abeyance while the EPA reviews the standards. The Company expects that these Phase 2 standards, if unchanged to make less stringent, will result in its incurrence of increased costs for acquiring new tractors and for additional parts and maintenance activities to retrofit its tractors with technology to achieve compliance with such standards. Such increased costs could adversely affect the Company's operating results and profitability, particularly if such costs are not offset by potential fuel savings. Additionally, in November 2018, the EPA announced the Cleaner Trucks Initiative (CTI), pursuant to which it plans to issue a rule updating standards for nitrogen oxide emissions from highway heavy-duty trucks and engines. On August 5, 2021, the EPA announced it will roll out a series of three rulemakings intended to reduce greenhouse gas emissions from heavy-duty trucks starting in model year 2027 to implement the CTI program. The Company cannot predict, however, when the EPA may issue the proposed rules and the extent to which its operations and productivity will be adversely impacted, by these or any other new fuel or emission restrictions.

Notwithstanding the federal standards, a number of states have mandated, and states may continue to individually mandate, additional emission-control requirements for equipment that could increase equipment or other costs for entire fleets. For instance, the California Air Resources Board also has adopted emission control regulations that are applicable to all heavy-duty tractors that pull 53-foot or longer box-type trailers within the state of California. The tractors and trailers subject to these regulations must be either EPA Smart Way certified or equipped with low-rolling resistance tires and retrofitted with Smart Way-approved aerodynamic technologies. The Company currently purchases Smart Way certified equipment in certain of its new tractor and trailer acquisitions. In order to reduce exhaust emissions, some states and municipalities have also begun to restrict the locations and amount of time where diesel-powered tractors may idle. These restrictions could force the Company to alter its drivers' behavior, purchase on-board power units that do not require the engine to idle or face a decrease in productivity.

Federal and state lawmakers also have implemented or proposed potential limits on greenhouse gas emissions under a variety of other climate-change initiatives. Compliance with such regulations may increase the cost of new tractors and trailers or require the Company to retrofit its equipment, and could impair equipment productivity and increase its operating expenses. These adverse effects, combined with the uncertainty as to the reliability of the newly designed diesel engines and the residual value of these vehicles, could materially increase the Company's operating expenses or otherwise adversely affect its operations.

Insurance Regulations

The Company's wholly-owned risk retention group is a captive insurance company formed and licensed under the laws of the State of South Carolina, which qualifies as a risk retention group pursuant to the federal and the federal Liability Risk Retention Act of 1986, 15 U.S.C. §§ 3901 et seq. (the Risk Retention Act). Captive insurance companies generally are subject to less stringent regulatory requirements and oversight than commercial insurance companies.

Primary responsibility for the regulation of the Company's risk retention group is exercised by the South Carolina Department of Insurance (the SCDOI) under The Insurance Law of South Carolina. The Insurance Law of South Carolina, among other things, prescribes solvency standards that must be met and maintained and imposes certain regulatory reporting requirements.

In addition, the risk retention group must comply with the Risk Retention Act and applicable state risk retention statutes complementing the Risk Retention Act, which authorize the formation of risk retention groups to provide liability insurance to persons or firms engaged in businesses or activities that are similar or related with respect to the liability (other than personal risk liability or employers' liability) to which such firms are exposed. Failure to comply with applicable regulatory requirements could result in monetary penalties and/or the suspension or revocation of the risk retention group's license. [HL1] Many provisions of the Risk Retention Act have not been construed by the courts or any regulatory agency. The operations of the Company's risk retention group may have to be modified in the future to be consistent with any subsequent interpretations.

Item 1A. Risk Factors

RISK FACTORS

The following are the material risk factors that apply to an investment in the Company. These risk factors are not exhaustive, and the Company may face additional risks and uncertainties that are not presently known to it, or that the Company currently deems immaterial, which may also impair its business or results of operations. If any of the following risks actually occurs, the Company's business or results of operations could be materially harmed, the Company's ability to implement its business plans could be impaired and the trading price of the Company's common stock could decline.

Risks Relating to the Company's Industry

The Company's industry is affected by general economic and business risks that are largely beyond its control.

The Company's industry is highly cyclical, and its business is dependent on a number of factors, many of which are beyond its control. Some of the most significant of these factors are economic changes that affect supply and demand in transportation markets in general, such as downturns in customers' business cycles and recessionary economic cycles; changes in customers' inventory levels and in the availability of funding for their working capital; commercial driver shortages and increases in driver compensation; and excess tractor capacity in comparison with shipping demand. The risks associated with these factors are heightened when the U.S. and/or global economy is weakened. Some of the principal risks during such times are as follows:

- the Company may experience low overall freight levels, which may impair its asset utilization, because its customers' demand for its services generally correlate with the strength of the United States and, to a lesser extent, global economy;
- certain of the Company's customers may face credit issues and cash flow problems that affect their ability to pay for the Company's services;
- certain of the Company's suppliers' business levels may be negatively affected, leading to disruptions in the supply and availability, or increased cost, of equipment, parts and services that are critical to the Company's operations;
- freight patterns may change as supply chains are redesigned, resulting in an imbalance between the Company's capacity and its customers' demands; and
- customers may bid out freight or select competitors that offer lower rates from among existing choices in an attempt to lower their costs, causing the Company to lower its rates or lose freight.

The Company also is subject to cost increases outside of its control that could materially reduce its profitability if it is unable to increase its rates sufficiently. Such cost increases include increases in fuel prices, driver wages, owner-operator contracted rates, insurance, interest rates, taxes, tolls, license and registration fees, revenue equipment and healthcare for its employees.

In addition, events outside the Company's control, including global and national heath epidemics or concerns (such as the COVID-19 pandemic), strikes, protests or other work stoppages at its facilities or at customer, port, border or other shipping locations (including as a result of such epidemics or concerns or otherwise), or actual or threatened armed conflicts or terrorist attacks, efforts to combat terrorism, military action against a foreign state or group located in a foreign state, or heightened security requirements, could lead to reduced economic demand and activity, reduced availability of credit or temporary closing of the shipping locations or United States borders. Such events may reduce the demand for the Company's services and could impair the Company's operating efficiency and productivity, which would adversely affect the Company's business and results of operations.

The Company's industry is highly competitive and fragmented, and its business, results of operations and prospects may suffer if it is unable to adequately address downward pricing and other competitive pressures.

The Company competes with many open-deck carriers of varying sizes, including some that may have greater access to equipment, a wider range of services, greater capital resources, less indebtedness or other competitive advantages and including smaller, regional service providers that cover specific shipping lanes with specific customers or that offer niche services. The Company also competes, to a lesser extent, with some less-than-truckload carriers, railroads, and third-party logistics, brokerage, freight forwarding and other transportation

companies. Numerous competitive factors, including the following, could impair the Company's ability to maintain or improve its profitability:

- many of the Company's competitors periodically reduce their freight rates to gain business, especially during times of reduced growth or a downturn in the economy, which may limit the Company's ability to maintain or increase freight rates, may require the Company to reduce its freight rates or may limit its ability to maintain or expand its business;

- some shippers have reduced or may reduce the number of carriers they use by selecting core carriers as approved service providers and in some instances the Company may not be selected;

- many customers periodically solicit bids from multiple carriers for their shipping needs, which may depress freight rates or result in a loss of business to competitors;

- the continuing trend toward consolidation in the trucking industry may result in more large carriers with greater financial resources and other competitive advantages, and the Company may have difficulty competing with them;

- advances in technology, including autonomous or driverless trucks, electric vehicles, alternative fuels and artificial intelligence applications may require the Company to increase investments in order to remain competitive, and its customers may not be willing to accept higher freight rates to cover the cost of these investments;

- higher fuel prices and, in turn, higher fuel surcharges to the Company's customers may cause some of its customers to consider freight transportation alternatives, including rail transportation;

- the Company may have higher exposure to litigation risks as compared to smaller carriers; and

- smaller carriers may build economies of scale with procurement aggregation providers, which may improve the smaller carriers' abilities to compete with the Company.

Risks Relating to the COVID-19 Pandemic

The COVID-19 pandemic, and various governmental actions taken to mitigate its impact, have affected and may materially adversely affect, and any future outbreak of any other highly infectious or contagious diseases may materially adversely affect, our operations, financial performance and condition, operating results and cash flows.

The COVID-19 pandemic, and various governmental actions taken to mitigate its impact, has affected, and may materially adversely affect, our operations, financial performance and condition, operating results and cash flows. The severity, magnitude and duration of the current COVID-19 pandemic is uncertain, rapidly changing and hard to predict. The COVID-19 pandemic has significantly impacted economic activity and markets around the world, and COVID-19 or another similar outbreak could negatively impact our business in numerous ways, including, but not limited to, the following:

- our revenue has been reduced and may continue to be reduced to the extent the pandemic results in an economic downturn or recession that leads to a decrease in demand for our services or the transportation markets in general;

- our operations may be disrupted or impaired, if a significant portion of our drivers or other employees are unable to work due to illness;

- the pandemic has increased volatility and caused negative pressure in the capital markets; as a result, we may experience difficulty accessing the capital or financing needed to fund our operations, which have substantial capital requirements, on satisfactory terms or at all;

- we may experience liquidity challenges, including impacts related to delayed customer payments and payment defaults associated with customer liquidity issues and bankruptcies;

- customers, suppliers and other third parties may argue that their non-performance under our contracts with them is permitted as a result of force majeure or other reasons;

- we may experience workforce rightsizing-related issues and incur severance payments as a result of adjusting our workforce to market conditions, and we may subsequently experience retention issues and driver shortages due to changes in market conditions;

- the challenges to working caused by the COVID-19 pandemic and related restrictions may have an impact on our drivers' and other employees' wellness, which could impact their retention and productivity and our culture; and we may experience greater driver or other employee turnover as a result of the ongoing "great resignation" occurring throughout the U.S. economy;

- our management may be distracted as they are focused on mitigating the effects of COVID-19 on our operations while protecting the health of our workforce and customers, which has required, and will continue to require, a large investment of time and resources; and

- we may be at greater risk for cybersecurity issues, as digital technologies may become more vulnerable and experience a higher rate of cyberattacks in the current environment of remote connectivity.

The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of the COVID-19 pandemic on our business. The extent to which the COVID-19 pandemic impacts the Company will depend on numerous evolving factors and future developments that we are not able to predict, including: the severity and duration of the pandemic; governmental, business and other actions in response to the pandemic (which could include limitations on the Company's operations or mandates to provide services in a specified manner); the impact of the pandemic and governmental restrictions on economic activity; the response of the overall economy and the financial markets; the extent and duration of the effect on consumer confidence and spending; the health of and the effect on our workforce and our ability to meet staffing needs; any impairment in the value of our tangible or intangible assets which could be recorded as a result of a weaker economic conditions; and the potential effects on our internal controls, including those over financial reporting, as a result of changes in working environments, such as shelter-in-place and similar orders that could be or become applicable to our employees and business partners, among others.

General Commercial and Operational Risks

Insurance and claims expenses could significantly reduce the Company's profitability, and underwriters leaving the marketplace may make it more difficult for the Company to obtain insurance at favorable prices or at all.

The Company is exposed to claims related to, among others, auto liability, general liability, directors and officers liability, errors and omissions liability, liability related to cybersecurity attacks, cargo loss and damage, property damage, personal injury, workers' compensation, group health, group dental and general umbrella policies. The Company has insurance coverage with third-party insurance carriers, where it is exposed to rising premiums, and it assumes a significant portion of the risk associated with these claims due to the creation of a risk retention group and its self-insured retention (SIR) and deductibles, which can make its insurance and claims expense higher or more volatile. The Company is subject to changing conditions and pricing in the insurance marketplace, including as a result of carriers or underwriters leaving the transportation sector and the increasing frequency and size of auto liability lawsuits, and the cost or availability of various types of insurance may change dramatically in the future, particularly if its claims experience deteriorates. If the Company's insurance or claims expense increases, and the Company is unable to offset the increase with higher freight rates, its results of operations could be materially and adversely affected. With respect to insurance risk retained by the Company through its wholly-owned risk retention group, expected losses are based in part on actuarial studies which make certain projections with respect to the loss experience of the Company. Actual results may differ substantially from projections. The Company's results of operations may also be materially and adversely affected if it experiences a claim in excess of its coverage limits, a claim for which coverage is not provided or a claim that is covered but the insurance company fails to perform.

Seasonality and the impact of weather and other catastrophic events adversely affect the Company's operations and profitability.

The Company's operations are affected by the winter season because inclement weather impedes operations and some shippers reduce their shipments during winter. At the same time, operating expenses increase due to, among other things, a decline in fuel efficiency because of engine idling and harsh weather that creates higher accident frequency, increased claims and higher equipment repair expenditures. These weather-related and other catastrophic events, such as fires, earthquakes and explosions, may also disrupt fuel supplies, increase fuel costs, disrupt freight shipments or routes, affect regional economies, destroy the Company's assets or the assets of its customers or otherwise adversely affect the business or financial condition of its customers, any of which developments could adversely affect the Company's profitability or make its results more volatile. Climate change may increase the severity of weather-related events, such as tornadoes, hurricanes, blizzards, ice storms or floods.

The Company may be adversely affected by fluctuations in the price or availability of diesel fuel.

The Company's operations are dependent upon diesel fuel, and diesel fuel is one of the Company's largest operating expenses. Diesel fuel prices fluctuate greatly due to factors beyond the Company's control, such as political events, price and supply decisions by oil producing countries and cartels, terrorist activities, environmental laws and regulations, armed conflicts, depreciation of the dollar against other currencies, world supply and demand imbalances, imposition of tariffs, and hurricanes and other natural or man-made disasters. Such events may also lead to fuel shortages and disruptions in the fuel supply chain. Increases in fuel costs may have a significant adverse effect on the Company's profitability. The Company has not used derivatives as a hedge against higher fuel costs in the past. Although the Company maintains a fuel surcharge program, there can be no assurance that the program will be maintained indefinitely or will be sufficiently effective. The Company incurs certain fuel costs that cannot be recovered even with respect to customers with which it maintains fuel surcharge programs and even if it is able to increase rates per miles, such as fuel costs associated with empty miles. Because the Company's fuel surcharge recovery lags behind changes in fuel prices, its fuel surcharge recovery may not capture in any particular period the increased costs it pays for fuel. Further, during periods of low freight volumes, shippers can use their negotiating leverage to impose less compensatory fuel surcharge policies.

Increased prices for, or decreases in the availability of, new revenue equipment and decreases in the value of used revenue equipment could adversely affect the Company's results of operations and cash flows.

Investment in new equipment is a significant part of the Company's annual capital expenditures, and the Company requires an available supply of tractors and trailers from equipment manufacturers to operate and grow its business. In recent years, manufacturers have raised the prices of new revenue equipment significantly due to increased costs of materials and, in part, to offset their costs of compliance with new tractor engine and emission system design requirements mandated by the EPA and various state agencies, which are intended to reduce emissions. Future use of semi-autonomous functionality in tractors and alternative fuel vehicles could increase the price of new tractors. If new equipment prices increase more than anticipated, the Company could incur higher depreciation and rental expenses than anticipated. If the Company is unable to fully offset any such increases in expenses with freight rate increases and/or improved fuel economy, its results of operations and cash flows could be adversely affected.

The Company may face difficulty in purchasing an adequate supply of new equipment due to decreased supply. From time to time, some original equipment manufacturers (OEM) of tractors and trailers may reduce their manufacturing output due to lower demand for their products in economic downturns or a shortage of component parts. Uncertainty as to future emission standards may also serve to decrease such manufacturing output.

During prolonged periods of decreased tonnage levels, the Company and other trucking companies may make strategic fleet reductions, which could result in an increase in the supply of used equipment. When the supply exceeds the demand for used revenue equipment, the general market value of used revenue equipment decreases. Used equipment prices are also subject to substantial fluctuations based on availability of financing and commodity prices for scrap metal. Future use of semi-autonomous functionality in tractors and alternative fuel vehicles could also decrease the value of used tractors. A depressed market for used equipment could require the Company to trade its revenue equipment at depressed values or to record losses on disposal or an impairment of the carrying values of its revenue equipment that is not protected by residual value arrangements.

The Company derives a material portion of its revenue from its major customers, the loss of one or more of which could have a material adverse effect on the Company's business and results of operations.

A material portion of the Company's revenue is generated from its major customers. In 2021 and 2020, the Company's top ten customers, based on revenue, accounted for approximately 27% and 31%, respectively, of the Company's revenue. In 2021, no single customer represented 10% or more of the Company's revenue, and in 2020, one customer accounted for approximately 10% of its revenue. In addition, a material portion of the Company's freight is from customers in the building materials industry, and as such, the Company's results may be susceptible to trends in construction cycles, which are affected by numerous factors, including rates of infrastructure spending, real estate equity values, interest rates and general economic conditions. The Company's customers' financial difficulties can negatively impact the Company's results of operations and financial condition, especially if they were to delay or default on payments to the Company.

The Company's customers may terminate their relationships with the Company on short notice with limited or no penalties.

A number of customers use the Company's services on a shipment-by-shipment basis rather than under long-term contracts. These customers have no obligation to continue using the Company's services and may stop using them at any time without penalty or with only limited penalties. The loss of any customers may reduce the range of service offerings the Company provides and adversely impact the Company's revenue mix. Also, the Company does not have contractual relationships that guarantee any minimum freight volumes with customers.

The Company is subject to certain risks arising from doing business in Canada and Mexico.

The Company provides trucking services in Canada in addition to the United States, and the Company also transports freight into and out of Mexico by transferring the Company's trailers to tractors operated by Mexican-based carriers with which the Company has contractual and long-standing relationships. As a result, the Company is subject to risks of doing business internationally, including fluctuations in foreign currencies, changes in the economic strength of Canada and Mexico, difficulties in enforcing contractual obligations and intellectual property rights through non-U.S. legal systems, burdens of complying with a wide variety of international and United States export and import laws, and social, political and economic instability. The Company also faces additional risks associated with restrictive trade policies and imposition of duties, taxes or government royalties imposed by the Canadian or Mexican government, to the extent not preempted by trade agreements between Mexico, Canada and the United States. Further, to the extent that the Company conducts operations outside of the United States, it is subject to the Foreign Corrupt Practices Act (FCPA), which generally prohibits United States companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining favorable treatment. If the Company is not in compliance with the FCPA, other anti-corruption laws or other laws governing the conduct of business with government entities (including local laws), it may be subject to criminal and civil penalties and other remedial measures, which could harm its reputation and have a material adverse impact on the Company's business, financial condition, results of operations, cash flows and prospects. Any investigation of any actual or alleged violations of such laws could also harm the Company's reputation or have a material adverse impact on its business.

The Company is currently a Customs-Trade Partnership Against Terrorism (C-TPAT) participant. If the United States Customs and Border Protection (CBP) determines the Company has failed to comply with its minimum security and other criteria applicable to C-TPAT participants, the Company may be unable to maintain its C-TPAT status, which may result in significant border delays, which could cause its operations in Canada to be less efficient than those of competitor truckload carriers also operating in Canada that obtain or continue to maintain C-TPAT status. Such inefficiency, as well as the requirements of some customers to deal only with C-TPAT participating carriers, could lead to a loss of certain business.

The Company's contractual agreements with its owner-operators expose it to risks that it does not face with its company drivers.

Approximately 44% of the Company's freight revenue was carried by independent contractor owner-operators in 2021. The Company's reliance on independent contractor owner-operators creates numerous risks for the Company's business. For example, the Company provides financing to certain of its independent contractor owner-operators purchasing tractors from the Company. If owner-operators operating the tractors the Company financed default under or otherwise terminate the financing arrangement and the Company is unable to find a replacement owner-operator, the Company may incur losses on amounts owed to it with respect to the tractor in addition to any losses it may incur as a result of idling the tractor. Further, if the Company is unable to provide such financing in the future, due to liquidity constraints or other restrictions, the Company may experience a shortage of owner-operators.

If the Company's independent contractor owner-operators fail to meet the Company's contractual obligations or otherwise fail to perform in a manner consistent with the Company's requirements, the Company may be required to utilize alternative service providers at potentially higher prices or with some degree of disruption of the services that the Company provides to customers. If the Company fails to deliver on time, if its contractual obligations are not otherwise met, or if the costs of its services increase, then the Company's profitability and customer relationships could be harmed. Furthermore, independent contractor owner-operators typically use tractors, trailers and other equipment bearing the Company's trade names and trademarks. If one of the Company's independent contractor owner-operators is subject to negative publicity, it could reflect on the Company and have a material adverse effect on the Company's business and brand. Under certain laws, the Company could also be subject to allegations of liability for the activities of its independent contractor owner-operators.

Owner-operators are third-party service providers, as compared to company drivers who are employed by the Company. As independent business owners, the Company's owner-operators may make business or personal decisions that conflict with the Company's best interests. For example, if a load is unprofitable, route distance is too far from home or personal scheduling conflicts arise, an owner-operator may deny loads of freight from time to time. In these circumstances, the Company must be able to timely deliver the freight in order to maintain relationships with customers. In addition, adverse changes in the financial condition of the Company's independent contractor owner-

operators or increases in their equipment or operating costs could cause them to seek higher revenues. The prices the Company charges its customers could be impacted by such issues, which may in turn limit pricing flexibility with customers.

The Company depends on third parties in its brokerage business, and service instability from these providers could increase the Company's operating costs or reduce its ability to offer brokerage services.

The Company's brokerage business is dependent upon the services of third-party capacity providers, including other truckload carriers. These third-party providers may seek other freight opportunities and may require increased compensation during times of improved freight demand or tight trucking capacity. The Company's ability to secure the services of these third-party providers on competitive terms is subject to a number of risks, including the following, many of which are beyond the Company's control:

- equipment shortages in the transportation industry, particularly among contracted truckload carriers and railroads;
- interruptions in service or stoppages in transportation as a result of labor disputes, seaport strikes, network congestion, weather-related issues, acts of God or acts of terrorism;
- changes in regulations impacting transportation and changes in transportation rates; and
- increases in operating expenses for carriers, such as fuel costs, insurance premiums and licensing expenses, that result in a reduction in available carriers.

Risks Relating to Human Capital

Driver shortages and increases in driver compensation or owner-operator contracted rates could adversely affect the Company's business, results of operations and ability to maintain or grow its business.

Driver shortages in the industry have required, and could continue to require, the Company to spend more money to attract and retain company and owner-operator drivers. Also, the Company may face difficulty maintaining or increasing its number of company and owner-operator drivers because of the intense competition for drivers. Compliance and enforcement with initiatives included in the CSA program implemented by the FMCSA and regulations adopted by the DOT relating to driver time and safety and fitness could further reduce the availability of qualified drivers. In addition, like most in its industry, the Company suffers from a high turnover rate of drivers, especially with respect to company drivers. Further, with respect to owner-operator drivers, due to the absence of long-term personal services contracts, owner-operators can quickly terminate their business relationships with the Company. If the Company is unable to continue to attract and retain a sufficient number of company and owner-operator drivers, it could be required to operate with fewer tractors and face difficulty meeting shipper demands or be forced to forego business that would otherwise be available to it, which developments could adversely affect its profitability and ability to maintain or grow its business.

The loss of key personnel could adversely affect operations.

The Company's success to date has depended, and will continue to depend, largely on the skills, efforts and motivation of its key personnel who generally have significant experience with the Company and within the transportation industry. Each member of the senior management team and other key personnel are at-will employees and may voluntarily terminate his or her employment with the Company at any time with minimal notice. The loss of certain key personnel could damage critical customer relationships, result in the loss of vital institutional knowledge, experience and expertise, and impact the Company's ability to successfully operate its business and execute its business strategy. The Company does not maintain "key man" life insurance on any of its officers or other employees.

The Company and its subsidiary operating companies have undergone significant changes in their management teams in the past three years, including a new Chief Executive Officer in 2021, which may have a negative impact on the Company's ability to retain or recruit key personnel, employees and drivers. The Company also recently experienced significant changes and turnover to its board of directors. Leadership transitions, which the Company may continue to experience, may also cause disruption to the Company's business, result in operational and administrative inefficiencies and added costs, and adversely affect the Company's corporate governance, internal controls, enterprise risk management, business models and strategic priorities. The inability to adequately fill vacancies in key personnel positions on a timely basis could also negatively affect the Company's business, operations and ability to implement its business strategy.

If the Company's employees were to unionize, its operating costs could increase and its ability to compete could be impaired.

None of the Company's employees are currently represented under a collective bargaining agreement; however, the Company always faces the risk that its employees will try to unionize, and if its owner-operators were ever re-classified as employees, the magnitude of this risk would increase. Further, Congress or one or more states could approve legislation and/or the National Labor Relations Board (the NLRB) could render decisions or implement rule changes that could significantly affect the Company's business and its relationship with employees, including actions that could substantially liberalize the procedures for union organization and make it easier for unions to successfully organize. In addition, the Company can offer no assurance that the Department of Labor will not adopt new regulations or interpret existing regulations in a manner that would favor the agenda of unions. Any attempt to organize by the Company's employees could result in increased legal and other associated costs and divert management attention. If the Company were to enter into a collective bargaining agreement, the terms could negatively affect its costs, efficiency, business, operations, results of operations and prospects because, among other things, restrictive work rules could hamper the Company's efforts to improve and sustain operating efficiency and could impair the Company's service reputation, some shippers may limit their use of unionized trucking companies because of the threat of strikes and other work stoppages, and an election and bargaining process could divert management's time and attention from the Company's overall objectives and impose significant expenses.

Risks Related to the Use of Technology

The Company is dependent on computer and communications systems, and a systems failure, cyber-attack or data breach could cause a significant disruption to its business and cause financial losses.

The Company's business depends on the efficient and uninterrupted operation of its computer and communications hardware systems and infrastructure, including operating and financial reporting systems, and on the effectiveness of the information and cybersecurity policies, procedures and capabilities the Company maintains to protect its systems and data. The Company's computer and communications system is critical in meeting customer expectations, effectively tracking, maintaining and operating the Company's equipment, directing and compensating the Company's employees, and interfacing with the Company's financial reporting system. The Company currently maintains its computer systems at multiple locations, including several of its offices and terminals and third-party data centers, along with computer equipment at each of its terminals. The Company's operations and those of its technology and communications service providers are vulnerable to interruption by fire, earthquake, power loss, telecommunications failure, terrorist attacks, Internet failures, computer viruses, data breaches (including cyber-attacks or cyber intrusions over the Internet, malware and the like) and other events generally beyond its control.

Although the Company believes that it has robust information security procedures and other safeguards in place, as cyber threats continue to evolve, it may be required to expend additional resources to continue to enhance its information security measures and investigate and remediate any information security vulnerabilities. Even with such measures, the Company's information technology and infrastructure are subject to attacks or misappropriation by hackers and may be, and have in the past been, breached due to inadequacy or ineffectiveness of the protective measures undertaken, employee errors or omissions, malfeasance or other disruptions. In the third quarter of 2020, one of the Company's operating companies experienced a ransomware attack. Upon discovering that an unauthorized third party attempted to gain access to select servers, the Company took immediate action to stop the attack and remediate the systems. The Company also promptly launched an internal investigation with the assistance of third-party cybersecurity partners to determine the scope of the incident and any potential impacts. This cyber incident did not result in any disruptions in the operations of such operating company or of the Company or its other subsidiaries nor was there a material financial impact or ransom paid as a result of this cyber incident. In the future, however, another externally caused information security incident, such as a cyber-attack, a phishing scam, virus, ransomware attack or denial-of-service attack, could materially interrupt business operations or cause disclosure or modification of sensitive or confidential client or competitive information. In addition, the Company's third-party vendors and other intermediaries with which it conducts business and transmit data could be subject to a successful cyber-attack or other information security event, and the Company cannot ensure that such third parties have all appropriate controls in place to protect the confidentiality of information in the custody of those third parties.

A significant natural disaster or cyber-attack incident, including system failure, security breach, disruption by malware or other damage, could interrupt or delay the Company's operations, damage its reputation, cause a loss of customers, agents or third-party capacity providers, expose the Company to a risk of loss or litigation, or cause the Company to incur significant time and expense to remedy such an event. Furthermore, a security breach or privacy violation that leads to disclosure of customer, supplier or employee or contractor information (including personally identifiable information or protected health information) could harm the Company's reputation, compel it to comply with disparate state and foreign breach notification laws and otherwise subject it to liability under laws that protect personal data, resulting in increased cost, loss of revenue and material adverse impacts on the Company's results of operations and financial position.

Strategic Risks

The Company may not realize all the expected benefits of its integration, business improvement and comprehensive restructuring plans, and such plans may adversely affect its business, results of operations and prospects.

In the second half of 2019, the Company initiated several organizational improvement plans, which resulted in significant costs, including severance and other related payments and lease termination fees. In addition, the Company expects to announce additional integrations in 2022. As of December 31, 2021, the Company has incurred $18.2 million in costs related to these plans. These plans could also result in significant disruptions to the Company's operations or result in the loss of customer and market share in certain geographic territories. For example, because the Company's customers interface directly with management and employees employed by subsidiaries that comprise the Company's various operating segments, any consolidation or restructuring of such subsidiaries may not be viewed positively by customers who may choose to reassess whether to use the Company's services. If the Company does not fully realize or maintain the anticipated benefits of these plans, its business, results of operations and prospects could be adversely affected.

The Company may be unable to realize all of the intended benefits from acquisitions or investments.

As part of its business strategy, the Company has in the past and may in the future acquire strategic and complementary businesses. Acquisitions may negatively impact the Company's business, financial condition, results of operations, cash flows and prospects because:

- the Company may assume liabilities, including environmental liabilities, or be subject to risks beyond its estimates or what was disclosed to it;
- the acquisition could divert management's attention and other resources from the Company's existing business;
- to facilitate such acquisitions, the Company may incur or assume additional indebtedness or issue additional shares of stock;
- the acquired company may require increases in working capital and capital expenditure investments to fund its growth; and
- the acquired company may not achieve the anticipated revenue, earnings or cash flows, including as a result of the loss of any major customers or key employees, and the Company may be unable to fully realize all of the anticipated benefits and synergies from the acquisition.

The Company may also make strategic investments in new technologies which are inherently risky. The Company may not be able to derive the expected value or benefit from such investments or may incur higher than expected costs in realizing a return on such investments, which could have a material adverse effect on its business and financial results.

The Company may not be able to complete divestitures successfully.

As part of the Company's business strategy, it evaluates the potential disposition of assets and businesses that may no longer help it meet its objectives. When the Company decides to sell assets or a business, it may encounter difficulty in finding buyers or alternative exit strategies on acceptable terms in a timely manner, or at all. The Company may also dispose of assets or a business at a price or on terms that are less desirable than it had anticipated. In addition, it may experience greater dis-synergies than expected, and the impact of the divestiture on its business, results of operations and prospects may be larger than projected. Dispositions may also involve continued financial involvement in the divested business, such as through guarantees, indemnities or other financial obligations. Under these arrangements, performance by the divested businesses or other conditions outside of the Company's control could affect its future financial results. Moreover, seeking divestiture opportunities and evaluating and completing them require significant investment of time and resources, may disrupt the Company's business, distract management from other responsibilities, and may result in losses on disposal.

Risks Relating to Indebtedness and Liquidity

The Company may not be able to generate sufficient cash to service all of its indebtedness and may be forced to take other actions to satisfy its obligations under applicable debt instruments, which may not be successful.

As of December 31, 2021, the Company had $594.5 million of indebtedness outstanding. Its ability to make scheduled payments or to refinance its indebtedness obligations depends on its financial condition and operating performance, which are subject to prevailing economic and competitive conditions and certain financial, business and other factors beyond its control. The Company may not be able to maintain

a level of cash flows from operating activities sufficient to permit it to pay the principal, premium, if any, and interest on its indebtedness. If the Company's cash flows and capital resources are insufficient to fund debt service obligations, the Company may be forced to reduce or delay investments and capital expenditures, sell assets, seek additional capital or restructure or refinance indebtedness. The Company's ability to restructure or refinance indebtedness will depend on the condition of the capital markets and its financial condition at such time. Any refinancing of indebtedness could be at higher interest rates and may require the Company to comply with more onerous covenants, which could further restrict business operations. The terms of existing or future debt instruments may restrict the Company from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on outstanding indebtedness on a timely basis would likely result in a reduction of the Company's credit rating, which could harm its ability to incur additional indebtedness.

The Company's credit facilities (as defined below) and the terms of the Series A Preferred Stock contain restrictive covenants that may impair its ability to conduct business. The inability to maintain compliance with these covenants could lead to default and acceleration under the credit facilities.

The Company's credit facilities and terms of the Series A Preferred Stock contain restrictive covenants that limit management's discretion with respect to certain business matters. Among other things, these covenants, subject to certain limitations and exceptions, restrict the Company's ability to incur additional indebtedness, change the nature of the business, merge or consolidate with, or acquire, another entity, and sell or otherwise dispose of assets. While the Term Loan Facility does not have any financial covenants, the ABL facility contains a financial covenant such that during any period after a default or event of default or after excess availability falling below certain thresholds, the Company must maintain a minimum consolidated fixed charge coverage ratio on a quarterly basis. The ABL Facility also contains affirmative and negative covenants similar to those in the Term Loan Facility, together with such additional terms as are customary for a senior secured asset-based revolving credit facility. These restrictions may also limit the Company's ability to obtain future financings to withstand a future downturn in its business or the economy in general, or to otherwise conduct necessary corporate activities. The Company may also be prevented from taking advantage of business opportunities that arise because of the limitations that its debt agreements impose on it. A breach of any covenant in the Company's credit facilities or certain of its other debt agreements would result in a default thereunder after any applicable grace periods expire and, if not waived, could result in acceleration of amounts borrowed thereunder. Further, the Company's credit facilities and certain of its other debt agreements contain cross-default provisions, such that a default under one agreement would create a default under the other agreements.

The Company's leverage and debt service obligations may adversely affect its business and prospects.

As of December 31, 2021, the Company had $594.5 million of indebtedness outstanding. The Company's level of indebtedness could adversely affect it in several ways, including the following:

- require the Company to dedicate a substantial portion of its cash flow from operations to service its existing debt, thereby reducing the cash available to finance its operations and other business activities;
- limit management's discretion in operating its business and its flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;
- increase its vulnerability to downturns and adverse developments in its business and the economy generally;
- limit its ability to access the capital markets to raise capital on favorable terms or to obtain additional financing for working capital, capital expenditures or acquisitions or to refinance existing indebtedness; and
- make it more likely that a reduction in its borrowing base would result in a mandatory repayment in an amount equal to the positive difference, if any, of (a) the outstanding principal amount outstanding under the ABL Facility less (b) the borrowing base then in effect.

Indebtedness under the Company's credit facilities also make us vulnerable to increases in interest rates as they bear interest at a rate that may vary with prevailing interest rates. Currently, such loans may be base rate loans or LIBOR loans. LIBOR is the subject of national, international and other regulatory guidance and proposals for reform and is currently being phased-out. At this time, it is not possible to predict how markets will respond to alternative reference rates, and the overall financial markets may be disrupted as a result of the phase-out or replacement of LIBOR. The consequences of these developments cannot be predicted, but could include an increase in the cost of our indebtedness under the Company's credit facilities.

While the Company's credit facilities contain restrictions on the Company's ability to incur additional indebtedness, such restrictions are subject to waiver and a number of significant qualifications and exceptions. Indebtedness incurred in compliance with these restrictions

could be substantial. Additional leverage increases the risks described above as well as under "— The Company may not be able to generate sufficient cash to service all of its indebtedness and may be forced to take other actions to satisfy its obligations under applicable debt instruments, which may not be successful."

The Company has significant ongoing capital expenditure requirements. If the Company is unable to obtain such capital, its business, results of operations and prospects may be adversely affected.

The Company's business is capital intensive. Its capital expenditures focus primarily on revenue equipment replacement and, to a lesser extent, facilities, revenue equipment growth and investments in information technology. The Company may not be able to finance all of its capital requirements, when and if needed, to acquire new equipment on reasonable terms or at all. Any sale of additional equity or debt securities to fund its capital expenditures may result in dilution to its stockholders, and public or private financing may not be available in amounts or on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing on acceptable terms or at all, it may be required to delay, reduce the scope of, or eliminate future activities or growth initiatives, which could adversely affect its business, results of operations and prospects. In such case, the Company may also operate its revenue equipment for longer periods, which would result in increased maintenance costs.

Risks Relating to Legal and Regulatory Compliance

The Company operates in a highly regulated industry, and changes in existing laws or regulations, or liability under existing or future laws or regulations, could have a material adverse effect on its business, results of operations and prospects.

The Company operates in the United States pursuant to operating authority granted by the DOT and in various Canadian provinces pursuant to operating authority granted by the Ministries of Transportation and Communications in such provinces. The Company, as well as its company and owner-operator drivers, must also comply with governmental regulations regarding safety, equipment, environmental protection and operating methods. The Company may become subject to new, or amendment of existing, laws and regulations, reinterpretation of legal requirements or increased governmental enforcement that may impose more restrictive regulations relating to such matters that may require changes in its operating practices, influence the demand for transportation services, require it to incur significant additional operating costs or capital expenditures or adversely impact the recruitment of drivers. See "Item 1. Business — Regulation" for information regarding several proposed, pending and final regulations that could significantly impact the Company's business and operations. Restrictions on greenhouse gas emissions or climate change laws or regulations, as well as recent activism directed at companies with energy-related assets, could also adversely affect certain of the Company's customers, which, in turn, could adversely impact the demand for the Company's services. The Company also could lose revenue if its customers divert business from it because the Company has not complied with customer sustainability requirements.

Safety-related evaluations and rankings under the CSA program could adversely impact the Company's relationships with its customers and its ability to maintain or grow its fleet, each of which could have a material adverse effect on its business, results of operations and prospects.

The CSA includes compliance and enforcement initiatives designed to monitor and improve commercial motor vehicle safety by measuring the safety record of both the motor carrier and the driver. These measurements are scored and used by the FMCSA to identify potential safety risks and to direct enforcement action. The Company's CSA scores are dependent upon its safety and compliance experience, which could change at any time. In addition, the safety standards prescribed in the CSA program or the underlying methodology used by the FMCSA to determine a carrier's safety rating could change and, as a result, the Company's ability to maintain an acceptable score could be adversely impacted. If the Company receives an unacceptable CSA score, its relationships with customers could be damaged, which could result in a loss of business. Additionally, the requirements of CSA could shrink the industry's pool of drivers as those with unfavorable scores could leave the industry. See "Item 1. Business — Regulation" for additional discussion related to CSA program risks.

The Company is subject to environmental and worker health and safety laws and regulations that may expose it to significant costs and liabilities.

The Company is subject to stringent and comprehensive federal, state, provincial, local and foreign environmental and worker health and safety laws and regulations governing, among other matters, the operation of fuel storage tanks, release of emissions from its vehicles (including engine idling) and facilities, the health and safety of the public and its workers in conducting operations, and adverse impacts to the environment (including sustainability practices). These laws are becoming increasingly more stringent and there can be no assurances that compliance with, or liabilities under, existing or future environmental and worker health or safety laws or regulations will not have a

material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects. See "Item 1. Business — Regulation" and "Item 1. Business — Fuel" for more information.

The Company maintains aboveground and underground bulk fuel storage tanks and fueling islands at some of its facilities and vehicle maintenance operations at certain of its facilities, and its operations involve the risks of fuel spillage or seepage into the environment, environmental and natural resource damages and unauthorized hazardous material spills, releases or disposal actions, among others. If the Company has operational spills or accidents or if it is found to be in violation of, or otherwise liable under, environmental or worker health or safety laws or regulations, the Company could incur significant costs and liabilities, which may include the assessment of sanctions, including administrative, civil and criminal penalties, the imposition of investigatory, remedial or corrective action obligations, the occurrence of delays in permitting or performance of projects, and the issuance of orders enjoining performance of some or all of the Company's operations in a particular area. Under certain environmental laws, the Company could be subject to strict and joint and several liability, without regard to fault or legality of conduct, for costs relating to contamination at facilities the Company owns or operates or previously owned or operated and at third-party sites where the Company disposed of waste, as well as costs associated with the clean-up of releases arising from accidents involving the Company's vehicles. The Company often operates in industrial areas, where truck terminals and other industrial activities are located, and where soil, groundwater or other forms of environmental contamination have occurred from historical or recent releases and for which the Company has incurred and may, in the future, incur remedial or other environmental liabilities.

Compliance with environmental laws and regulations may also increase the price of the Company's equipment and otherwise affect the economics of the Company's industry by requiring changes in operating practices or by influencing the demand for, or the costs of providing, transportation services. Also, in order to reduce exhaust emissions, some states and municipalities have begun to restrict the locations and amount of time where diesel-powered tractors, such as the Company's, may idle. These restrictions could force the Company to alter its drivers' behavior, purchase on-board power units that do not require the engine to idle or face a decrease in productivity.

The Company is, and in the future may be, subject to the legal and governmental proceedings and claims, which may impair the Company's reputation or result in the Company incurring significant costs.

The parties in such legal actions against the Company may seek amounts from the Company that may not be covered in whole or in part by insurance, and negative publicity resulting from allegations therein, whether or not valid, may adversely affect the Company's reputation. In particular, there has been a recent increase in auto liability lawsuits filed against transportation companies, and the size of judgments awarded in such lawsuits has trended upwards and may continue to do so.

If the Company's owner-operators are deemed by regulators or judicial process to be employees, the Company's business and results of operations could be adversely affected.

Tax and other regulatory authorities have in the past sought to assert that owner-operators in the trucking industry are employees rather than independent contractors. If the Company's owner-operators are determined to be its employees, it would incur additional exposure under federal and state tax, workers' compensation, unemployment benefits, labor, employment and tort laws, including for prior periods, as well as potential liability for employee benefits and tax withholdings.

The Company's business may be harmed by terrorist attacks, future wars or anti-terrorism measures.

In the aftermath of the terrorist attacks of September 11, 2001, federal, state and municipal authorities have implemented and are implementing various security measures, including checkpoints and travel restrictions on large trucks and fingerprinting of drivers in connection with new hazardous materials endorsements on their licenses. Such existing measures and future measures may have significant costs associated with them which a motor carrier is forced to bear. Moreover, large trucks carrying large freight are potential terrorist targets, and the Company may be obligated to take measures, including possible capital expenditures intended to protect its trucks.

Changes to trade regulation, quotas, duties or tariffs, caused by changing U.S. and geopolitical environments or otherwise, may increase the Company's costs and materially adversely affect its business.

The implementation of tariffs, quotas or changes to certain trade agreements by the United States or retaliatory trade measures or tariffs implemented by other countries, could, among other things, increase the costs of the materials used by the Company's suppliers to produce new revenue equipment or increase the price of fuel. Such cost increases for the Company's revenue equipment suppliers might be passed on to the Company, and to the extent fuel prices increase, the Company may not be able to fully recover such increases through rate increases or the Company's fuel surcharge program. Further, the continued threats of tariffs, trade restrictions, and trade barriers could have a generally disruptive impact on the economy generally and decrease demand for the Company's services.

Other Material Risks

The Company's total assets include goodwill and indefinite-lived intangibles. If the Company determines that these items have become impaired in the future, net income could be materially and adversely affected.

As of December 31, 2021, the Company had recorded goodwill of $140.1 million and indefinite-lived intangible assets of $50.9 million. Goodwill represents the excess of cost over the fair market value of net assets acquired in business combinations. In accordance with Financial Accounting Standards Board Accounting Standards Codification, Topic 350, *Intangibles — Goodwill and Other*, the Company tests goodwill and indefinite-lived intangible assets for potential impairment annually and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value below its carrying amount. Any excess in carrying value over the estimated fair value is charged to the Company's results of operations. Further, the Company may never realize the full value of its intangible assets. Any future determination requiring the write-off of a significant portion of intangible assets could have an adverse effect on the Company's financial condition and results of operations. If there are changes to the methods used to allocate carrying values, if management's estimates of future operating results change, if there are changes in the identified reporting units or if there are changes to other significant assumptions, the estimated carrying values and the estimated fair value of the Company's goodwill and long-lived assets could change significantly, and could result in future non-cash impairment charges, which could materially impact its results of operations and financial condition for any such future period. During 2021, there were no impairment charges recorded by the Company related to goodwill or intangible assets.

We previously identified a material weakness in our internal control over financial reporting. We may identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, which may result in material misstatements of our financial statements or cause us to fail to meet our reporting obligations.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Our internal resources and personnel may be insufficient to avoid accounting errors, and there can be no assurance that we will not have material weaknesses in our internal control over financial reporting. For example, as of December 31, 2019, two material weaknesses relating to information technology general controls and management's review of the specialists' impairment analysis were identified, and as of December 31, 2020, a material weakness was identified related to the accounting for the warrants that we issued in 2015. These material weaknesses have been fully remediated, but we may in the future identify further material weaknesses in our internal control over financial reporting that we have not discovered to date.

If additional material weaknesses in our internal control over financial reporting are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to restate our financial results, which could materially and adversely affect our business, results of operations and financial condition, restrict our ability to access the capital markets, require us to expend significant resources to correct the material weakness, subject us to fines, penalties or judgments, harm our reputation or otherwise cause a decline in investor confidence.

A small number of the Company's stockholders hold a substantial portion of its outstanding common stock.

Mr. Daseke and his affiliates beneficially owned approximately 29% of the Company's common stock as of December 31, 2021. Consequently, Mr. Daseke and his affiliates are able to strongly influence all matters that require approval by the Company's stockholders, including changes to the Company's organizational documents and approval of acquisition and disposition offers and other significant corporate transactions. This concentration of ownership will limit other stockholders' ability to influence corporate matters, and as a result, actions may be taken that may have the effect of delaying or preventing a change in control and might adversely affect the market price of the Company's common stock to the extent investors perceive a disadvantage in owning stock of a company with a controlling stockholder.

The Company's charter designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by its stockholders, which could limit its stockholders' ability to obtain a favorable judicial forum for disputes with the Company or its directors, officers, employees or agents.

The Company's charter provides that, unless it consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on the Company's behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of the Company's

directors, officers, employees or agents to the Company or the Company's stockholders, (iii) any action asserting a claim arising pursuant to any provision of Delaware General Corporation Law (DGCL) or the Company's charter or bylaws, or (iv) any action asserting a claim against the Company that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in shares of the Company's capital stock will be deemed to have notice of, and consented to, the provisions of the Company's charter described in the preceding sentence. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company or its directors, officers, employees or agents, which may discourage such lawsuits against the Company and such persons. Alternatively, if a court were to find these provisions of the Company's charter inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, the Company may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect its business, financial condition or results of operations.

The enforceability of similar exclusive forum provisions in other companies' charters has been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could rule that this provision in the Company's charter is inapplicable or unenforceable. For example, the choice of forum provisions summarized above are not intended to, and would not, apply to suits brought to enforce any liability or duty created by the Exchange Act or other claim for which the federal courts have exclusive jurisdiction. Additionally, there is uncertainty as to whether the Company's choice of forum provisions would be enforceable with respect to suits brought to enforce any liability or duty created by the Securities Act of 1933, as amended (the Securities Act), or other claims for which the federal courts have concurrent jurisdiction, and in any event stockholders will not be deemed to have waived the Company's compliance with federal securities laws and rules and regulations thereunder.

Some provisions of the Company's governing documents and Delaware law may inhibit a takeover, which could limit the price investors might be willing to pay in the future for its common stock.

Some provisions in the Company's charter and bylaws may have the effect of delaying, discouraging, or preventing an acquisition of the Company or a merger in which the Company is not the surviving company and may otherwise prevent or slow changes in the Company's board of directors and management. These provisions include:

- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of the Company's board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director with or without cause by stockholders, which prevents stockholders from being able to fill vacancies on the Company's board of directors;
- the ability of the Company's board of directors to determine whether to issue shares of the Company's preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of the Company's stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairman of the board of directors, the chief executive officer, or the board of directors, which may delay the ability of the Company's stockholders to force consideration of a proposal or to take action, including the removal of directors;
- limiting the liability of, and providing indemnification to, the Company's directors and officers;
- controlling the procedures for the conduct and scheduling of stockholder meetings; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to the Company's board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of the Company.

As a Delaware corporation, the Company is also subject to provisions of Delaware law, including Section 203 of the DGCL, which prohibits business combinations between the Company and one or more significant stockholders unless specified conditions are met.

These provisions could discourage an acquisition of the Company or other change in control transaction, whether or not it is desired or beneficial to the Company's stockholders, and thereby negatively affect the price that investors might be willing to pay for the Company's common stock as well as deprive stockholders of opportunities to realize takeover premiums for their shares of the Company's common stock.

The price of the Company's common stock has been and may continue to be volatile and may fluctuate significantly, which may adversely impact investor confidence and increase the likelihood of securities class action litigation.

The Company's common stock price has experienced volatility in the past and may remain volatile in the future. The highly volatile nature of the Company's stock price may cause investment losses for its stockholders. Volatility in the Company's common stock price can be driven by many factors, including divergence between its actual or anticipated financial results and published expectations of analysts or the expectations of the market, the gain or loss of customers, announcements that the Company, its competitors or its customers may make regarding their operating results and other factors that are beyond the Company's control, such as market conditions in the Company's or its customers' industry, new market entrants, technological innovations, and economic and political conditions or events. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company and stockholder activism, which could take many forms, including shareholder litigation, takeover or take private attempts, and proxy contests may increase. Securities litigation and stockholder activism could result in substantial costs and divert the attention of the Company's management or board of directors and could give rise to perceived uncertainties as to the Company's future, which, in turn, could adversely affect its relationships with customers and make it more difficult to attract qualified personnel.

Volatility or lack of performance in the Company's stock price may also affect the Company's ability to attract new key personnel or retain existing key personnel by decreasing the perceived value of any stock-based compensation the Company may offer or that they may hold. Prolonged periods of low performance or volatility in the Company's stock price could also negatively impact the Company's appeal as an employer, harm employee morale or increase employee turnover, including among the Company's key personnel. In addition, during periods when the Company's stock price is low, the Company may issue greater amounts of equity-based compensation to its executives and other key personnel to retain them and incentivize long-term performance, which may over successive periods cause dilution in the value of the Company's stock and increase the Company's stock-based compensation expense.

The Company does not currently pay dividends on its common stock.

Any future dividend payments are within the absolute discretion of the Company's board of directors and will depend on, among other things, its results of operations, working capital requirements, capital expenditure requirements, financial condition, level of indebtedness, contractual restrictions with respect to payment of dividends, business opportunities, anticipated cash needs, provisions of applicable law and other factors that the Company's board of directors may deem relevant. Consequently, a stockholder's only opportunity to achieve a return on its investment in the Company will be if the stockholder sells its common stock at a price greater than the stockholder paid for it.

Item 1B. Unresolved Staff Comments

There are no unresolved comments from the Commission staff required to be disclosed in this Annual Report on Form 10-K.

Item 2. Properties

The Company's headquarters office, which is leased, is located in a multi-tenant office building in Addison, Texas. The Company has various owned and leased properties in North America, none of which are individually material. The Company's terminals may include general and executive offices, customer service, sales/marketing, fuel and/or maintenance, parking and warehousing facilities. In addition, the Company owns parcels of vacant land and leases or owns several non-operating facilities in various locations around the United States. The Company also maintains various drop yards throughout the United States and Canada. The Company believes that substantially all of its property and equipment is in good condition and its buildings and improvements have sufficient capacity to meet current needs and that properties can be retained or replaced at an acceptable cost. From time to time, the Company invests in additional facilities to meet the needs of its business as it pursues additional growth.

Item 3. Legal Proceedings

The Company is involved in litigation and claims primarily arising in the normal course of business, which include personal injury claims, employment-related claims, or property damage claims incurred in relation to the transportation of freight. The Company's insurance program for liability, physical damage, cargo damage and workers' compensation involves self-insurance with varying risk retention levels.

Claims in excess of these risk retention levels are covered by insurance in amounts that management considers to be adequate. Based on its knowledge of the facts and, in certain cases, advice of outside counsel, the Company believes the resolution of claims and pending litigation, will not have a material adverse effect on it, taking into account existing reserves.

Item 4. Mine Safety Disclosures

None.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Daseke's common stock and warrants trade on NASDAQ under the symbols "DSKE" and "DSKEW," respectively. As of February 11, 2022, there were 50 stockholders of record of its common stock. Because many of the Company's shares of common stock are held by brokers and other institutions on behalf of stockholders, the Company is unable to estimate the total number of individual stockholders represented by these record holders.

The Company has not paid any cash dividends on its common stock. It is the present intention of the Company to retain any earnings for use in its business operations and, accordingly, the Company does not anticipate declaring any dividends in the foreseeable future. The payment of cash dividends on its common stock in the future will be dependent upon the Company's revenues and earnings, if any, capital requirements, debt covenants and general financial condition. The payment of any cash dividends will be within the discretion of the Company's board of directors at such time. In addition, the Company's credit facilities (as described in Note 8 of Notes to Consolidated Financial Statements) restrict the Company's ability to pay dividends, subject to certain negotiated exceptions.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis ("this MD&A") should be read in conjunction with the Company's audited consolidated financial statements and the related notes appearing elsewhere in this Form 10-K. The following discussion contains forward-looking statements that reflect future plans, estimates, beliefs and expected performance. The forward-looking statements are dependent upon events and risks and uncertainties that may be outside the Company's control. The Company's actual results could differ materially from those discussed in these forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements" above.

Introduction

This MD&A is intended to provide investors with an understanding of the Company's recent performance, financial condition and prospects. This discussion and analysis compares 2021 results to 2020.

Daseke is a premier North American transportation solutions specialist dedicated to servicing challenging industrial end-markets. The Company believes it provides one of the most comprehensive transportation and logistics solution offerings in the open-deck industry. The Company delivers a diverse offering of transportation and logistics solutions to approximately 5,300 customers across the continental United States, Canada and Mexico through two reportable segments: Flatbed Solutions and Specialized Solutions. The Flatbed Solutions segment focuses on delivering transportation and logistics solutions that principally require the use of flatbed and retractable-sided transportation equipment, and the Specialized Solutions segment focuses on delivering transportation and logistics solutions that require the use of specialized trailering transportation equipment. Excluding intercompany eliminations, the Flatbed Solutions segment revenue and the Specialized Solutions segment revenue was approximately 44% and 56%, respectively, of segment revenue in 2021 and approximately 40% and 60%, respectively, of segment revenue in 2020.

Both of the Company's reportable segments operate highly flexible business models comprised of company-owned tractors and trailers and asset-light operations (which consist of owner-operator transportation, freight brokerage and logistics). The Company's asset-based operations have the benefit of providing shippers with certainty of delivery and continuity of operations. Alternatively, the Company's asset-light operations offer flexibility and scalability to meet customers' dynamic needs and have lower capital expenditure requirements and fixed costs. Approximately 44% of 2021 freight, logistics and brokerage revenue was derived from company-owned equipment and approximately 56% was derived from asset-light services.

Industry Trends and Outlook; Impact of the COVID-19 Pandemic

In light of the ongoing spread of the novel coronavirus, or COVID-19, in the United States and abroad, including the emergence of new variants of the coronavirus, government and public health authorities continue to recommend or impose regulations designed to protect human life, but which have simultaneously had (and are expected to continue to have) serious adverse impacts on domestic and foreign economies. As levels of activity in the Company's business have historically been positively correlated to broad measures of economic activity and to measures of industrial production since many of the Company's customers are in the manufacturing and industrial segments,

the Company expects that its results of operations and financial condition could be adversely impacted in the near-term by the COVID-19 pandemic.

In particular, in 2020, shelter-in-place mandates, the closing of manufacturing facilities and the overall depressed economic environment significantly affected demand for many of the Company’s customers, including those in aerospace and manufacturing industries. However, given the diversity of the Company’s customer base and the various end markets that Daseke serves, not all of the Company’s customers were as affected. During 2020, demand for the Company’s services by customers in certain end markets, such as wind energy, defense projects and high security cargo, increased, partially offsetting softness in other end markets, and in 2021, the Company saw pockets of strength throughout its industrial customer base that were previously pressured by the pandemic. In many of the geographic regions in which the Company operates, state-ordered business closures and masking mandates have been lifted; however, some businesses may implement their own policies related to masks and vaccination. While a federal vaccine mandate enforceable by OSHA has been suspended pending developments in litigation, certain customers, or potential customers, may require all service providers to be vaccinated. Accordingly, uncertainty regarding the impact of the COVID-19 pandemic, and various governmental actions taken to mitigate its impact, remains.

As an essential business under the guidelines issued by each of the Company’s states of operations, the Company has been allowed to continue to operate its business through the COVID-19 pandemic, and in general, the Company has experienced limited operational impacts as a result of COVID-19 directly. In fact, during 2021, freight rates have exceeded pre-pandemic levels and volumes improved (although overall miles were down due to strategic right-sizing efforts unrelated to the COVID-19 pandemic). All of the Company's operating sites have remained open and have been operating since the beginning of the COVID-19 pandemic. Despite some sporadic and short-lived COVID-19 pandemic disruptions to outbound volumes during 2020 at the nation's ports that the Company serves, these ports have remained open with strong inbound and outbound volumes during 2021. The Company has permitted some personnel to work from home and has taken additional precautions to ensure the safety of its workforce, customers and the communities in which it operates.

The Company believes that a significant portion of its cost structure is variable, and the Company has taken and will continue to take aggressive actions to adjust its expenses to reflect changes in demand for its services. These actions, which have been supported by the operational integrations and business improvement plans that the Company began to implement in 2019 (and which are discussed below), have included reduced use of contractors, reduced travel and advertising costs, reduced employee hours, furloughs, layoffs and voluntary use of paid time off, consistent with local regulations. The Company's volumes, which have improved post-pandemic, were impacted due to the strategic rightsizing of tractors that served unprofitable business lines, while the freight rate increases more than offset this decline. In addition, the actions that the Company is taking, combined with the variable components of its cost structure, has, and should continue to, partially mitigate the impact of the pandemic on its results of operations. Conversely, however, the Company is taking additional measures and incurring additional expense to protect the health and safety of its workforce and its customers. In addition, the Company could incur restructuring and other costs as it modifies and right-sizes its operations for declines and/or surges in demand.

The COVID-19 pandemic could impact the Company in 2022. However, we expect a modest increase in volumes in 2022 as the freight environment remains strong, despite the decrease in volumes due to the strategic rightsizing of tractors in 2021. We have a diverse customer base with exposure to a wide array of industrial end markets, each of which are experiencing their own respective growth and economic recovery patterns. The effect of the COVID-19 pandemic may remain prevalent for a significant period of time and may continue to adversely affect the Company’s business, results of operations and financial condition. We cannot anticipate the effect of the COVID-19 pandemic or the degree to which the economy rebounds post-pandemic will have on our fiscal 2022 results, or the effectiveness and distributions of vaccines and therapeutics and changes to mask mandate policies. See “Item 1A. Risk Factors—Risks Relating to the COVID-19 Pandemic” for more information regarding risks relating to the COVID-19 pandemic.

Thus far in 2022 and looking ahead to the remainder of 2022, despite pressures related to the COVID-19 pandemic, such as increased operating costs and inflationary pressures, driver shortages, and supply chain disruptions, the Company remains optimistic that its internally-driven, operational improvements and industrial end market tailwinds will combine to improve financial performance in 2022 as compared to 2021.

Revenue

The Company records four types of revenue: freight (company and owner operator), brokerage, logistics and fuel surcharge. Freight revenue is generated by hauling freight for the Company's customers using its tractors or its owner-operators' equipment. Generally, the Company's customers pay for its services based on the number of miles in the most direct route between pick-up and delivery locations and other ancillary services the Company provides. Freight revenue is the product of the number of revenue-generating miles driven and the rate per mile the Company receives from customers plus assessorial charges, such as loading and unloading freight for its customers, cargo protection, fees for detaining its equipment or fees for route planning and supervision. Freight revenue is affected by fluctuations in North American economic activity as well as changes in specific customer demand, the level of capacity in the industry and driver availability.

The Company's brokerage revenue is generated by its use of third-party carriers when it needs capacity to move its customers' loads. The main factor that affects brokerage revenue is the availability of the Company's drivers and owner-operators (and hence the need for third-party carriers) and the rate for the load. Brokerage revenue is also affected by fluctuations in North American economic activity as well as changes in the level of capacity in the industry and driver availability.

Logistics revenue is generated from a range of services, including value-added warehousing, loading and unloading, vehicle maintenance and repair, preparation and packaging, fuel management, and other fleet management solutions. Logistics revenue is primarily driven by specific customer requirements for additional services and may fluctuate depending on customers' utilization of these services due to changes in cargo specifications, delivery staging and fluctuations in North American economic activity.

Fuel surcharges are designed to compensate the Company for fuel costs above a certain cost per gallon base. Generally, the Company receives fuel surcharges on the miles for which it is compensated by customers. However, in some cases, a customer may request an all-in freight rate without a separate contracted fuel surcharge. In those instances, the Company invoices the all-in freight rate to the customer and allocates an estimated portion of the freight revenue to fuel surcharge revenue. The Company continues to have exposure to increasing fuel costs related to empty miles, fuel efficiency challenges due to engine idle time and other factors and to the extent to which the surcharge charged to the customer is insufficient. The main factors that affect fuel surcharge revenue are the price of diesel fuel and the number of loaded miles. In general, a declining energy and fuel price environment negatively affects the Company's fuel surcharge revenues, and conversely, an environment with rising fuel and energy prices benefits its fuel surcharge revenues. As discussed above, although the Company's surcharge programs vary by customer, they typically involve a computation based on the change in national or regional fuel prices. The Company's fuel surcharges are billed on a delayed basis, meaning it typically bills customers in the current week based on a previous week's applicable index. Therefore, in times of increasing fuel prices, the Company does not recover as much as it is currently paying for fuel. In periods of declining prices, the opposite is true. Also, its fuel surcharge programs typically require a specified minimum change in fuel cost to prompt a change in fuel surcharge revenue. Therefore, many of these programs have a time lag between when fuel costs change and when the change is reflected in fuel surcharge revenue.

Expenses

The Company's most significant expenses vary with miles traveled and include driver wages (which are recorded on the "Salaries, wages and employee benefits" line of the Company's consolidated statements of operations and comprehensive income), services purchased from owner-operators and other transportation providers (which are recorded on the "Purchased freight" line of the Company's consolidated statements of operations and comprehensive income) and fuel. Driver-related expenses vary with miles traveled.

Maintenance and tire expenses and cost of insurance and claims generally vary with the miles the Company travels but also have a controllable component based on safety improvements, fleet age, efficiency and other factors. The Company's primary fixed costs are depreciation of long-term assets (such as tractors, trailers and terminals), interest expense, rent and non-driver compensation.

The Company's fuel surcharge programs help to offset increases in fuel prices but typically do not offset empty miles, idle time and out of route miles driven. As discussed above under "Revenue," its fuel surcharge programs have a time lag between when fuel costs change and when the change is reflected in fuel surcharge revenue. Due to this time lag, the Company's fuel expense, net of fuel surcharge, negatively impacts its operating income during periods of sharply rising fuel costs and positively impacts its operating income during periods of falling fuel costs. In general, due to the fuel surcharge programs, its operating income is less negatively affected by an environment with higher, stable fuel prices than an environment with lower fuel prices. In addition to its fuel surcharge programs, the Company believes the most effective protection against fuel cost increases is to maintain a fuel-efficient fleet by incorporating fuel efficiency measures. Also, the Company has arrangements with some of its significant fuel suppliers to buy the majority of its fuel at contracted pricing schedules that fluctuate with the market price of diesel fuel. The Company has not used derivatives as a hedge against higher fuel costs in the past but continues to evaluate this possibility.

Income from Operations

Differences in the mix of drivers and assets between the segments impact the proportion of operating income as a percentage of revenue. The Flatbed Solutions segment has historically had a proportionately higher operating income as a percentage of revenue when compared to the Specialized Solutions segment because certain operating expenses in the Specialized Solutions segment are proportionately greater. For example, the Specialized Solutions segment drivers, who typically are required to have a higher level of training and expertise, generally receive a higher driver pay per total mile than Flatbed Solutions segment drivers. The larger percentage of Company drivers in the Specialized Solutions segment also results in a greater percentage of fuel expense and operations and maintenance expense relative to our Flatbed Solutions segment, each of which is impacted by the miles per gallon realized with company equipment and the number of miles driven by Company drivers. Similarly, the Specialized Solutions segment had higher depreciation and amortization expense primarily due to the increase in company-owned vehicles. However, in 2020, the Specialized Solutions segment had a higher operating income as a percentage of revenue when compared to the Flatbed Solutions segment, primarily due to contributions from operational integrations and business improvement plans, and by strong wind energy and high security cargo revenues and margins in the Specialized Solutions segment.

Results of Operations

The following table sets forth items derived from the Company's consolidated statements of operations for the years ended December 31, 2021 and 2020 in dollars and as a percentage of total revenue and the increase or decrease in the dollar amounts of those items. The following table also sets forth certain operating statistics for the years ended December 31, 2021 and 2020.

	Year Ended December 31,					
	2021		2020		Increase (Decrease)	
(Dollars in millions, except Rate per mile)	**$**	**%**	**$**	**%**	**$**	**%**
REVENUE:						
Company freight	$ 629.7	40.4	$ 676.8	46.5	$ (47.1)	(7.0)
Owner operator freight	486.5	31.3	408.9	28.1	77.6	19.0
Brokerage	269.0	17.3	234.3	16.1	34.7	14.8
Logistics	39.2	2.5	37.4	2.6	1.8	4.8
Fuel surcharge	132.4	8.5	96.7	6.7	35.7	36.9
Total revenue	1,556.8	100.0	1,454.1	100.0	102.7	7.1
OPERATING EXPENSES:						
Salaries, wages and employee benefits	378.3	24.3	399.4	27.5	(21.1)	(5.3)
Fuel	107.3	6.9	87.3	6.0	20.0	22.9
Operations and maintenance	143.8	9.2	169.1	11.6	(25.3)	(15.0)
Communications	4.0	0.3	3.6	0.2	0.4	11.1
Purchased freight	598.5	38.4	491.4	33.8	107.1	21.8
Administrative	62.8	4.0	66.5	4.6	(3.7)	(5.6)
Sales and marketing	1.9	0.1	1.8	0.1	0.1	5.6
Taxes and licenses	14.8	1.0	16.4	1.1	(1.6)	(9.8)
Insurance and claims	61.3	3.9	66.9	4.6	(5.6)	(8.4)
Depreciation and amortization	88.1	5.7	98.3	6.8	(10.2)	(10.4)
Gain on disposal of assets	(17.1)	(1.1)	(6.9)	(0.5)	(10.2)	147.8
Impairment	—	—	15.4	1.1	(15.4)	(100.0)
Restructuring charges	0.3	0.0	9.5	0.7	(9.2)	(96.8)
Total operating expenses	1,444.0	92.8	1,418.7	97.6	25.3	1.8
INCOME FROM OPERATIONS	112.8	7.2	35.4	2.4	77.4	218.6
Other (income) expense:						
Interest income	(0.3)	(0.0)	(0.6)	(0.0)	0.3	(50.0)
Interest expense	33.5	2.2	44.9	3.1	(11.4)	(25.4)
Change in fair value of warrant liability	(1.6)	(0.1)	2.1	0.1	(3.7)	(176.2)
Other	(0.8)	(0.1)	(14.9)	(1.0)	14.1	(94.6)
Total other expense	30.8	2.0	31.5	2.2	(0.7)	(2.2)
Income before income taxes	82.0	5.3	3.9	0.3	78.1	2,002.6
Income tax expense (benefit)	26.0	1.7	(0.2)	(0.0)	26.2	(13,100.0)
Net income	$ 56.0	3.6	$ 4.1	0.3	$ 51.9	1,265.9
OPERATING STATISTICS:						
Company miles	222.6		251.5		(28.9)	(11.5)
Owner operator miles	182.9		191.3		(8.4)	(4.4)
Total miles (in millions)	405.5		442.8		(37.3)	(8.4)
Rate per mile	$ 2.75		$ 2.45		$ 0.30	12.2
Company-operated tractors, as of year-end	2,623		2,953		(330)	(11.2)
Owner-operated tractors, as of year-end	2,074		2,099		(25)	(1.2)
Number of trailers, as of year-end	11,266		11,579		(313)	(2.7)
Company-operated tractors, average for the year	2,715		3,373		(658)	(19.5)
Owner-operated tractors, average for the year	2,099		2,208		(109)	(4.9)
Total tractors, average for the year	4,814		5,581		(767)	(13.7)

The following table sets forth the Company's Specialized Solutions segment's revenue, operating expenses and operating income for the years ended December 31, 2021 and 2020 in dollars and as a percentage of its Specialized Solutions segment's total revenue and the increase or decrease in the dollar amounts of those items. The following table also sets forth certain operating statistics for the Company's Specialized Solutions segment for the years ended December 31, 2021 and 2020.

SPECIALIZED SOLUTIONS

	Year Ended December 31,					
	2021		2020		Increase (Decrease)	
(Dollars in millions, except Rate per mile)	$	%	$	%	$	%
REVENUE[1]:						
Company freight	$ 460.0	52.7	$ 495.6	55.4	$ (35.6)	(7.2)
Owner operator freight	158.6	18.1	152.5	17.1	6.1	4.0
Brokerage	157.1	18.0	165.6	18.5	(8.5)	(5.1)
Logistics	34.1	3.9	34.5	3.9	(0.4)	(1.2)
Fuel surcharge	64.2	7.3	45.5	5.1	18.7	41.1
Total revenue	874.0	100.0	893.7	100.0	(19.7)	(2.2)
OPERATING EXPENSES[1]:						
Salaries, wages and employee benefits	238.2	27.3	255.2	28.6	(17.0)	(6.7)
Fuel	73.8	8.4	56.2	6.3	17.6	31.3
Operations and maintenance	102.6	11.7	127.6	14.3	(25.0)	(19.6)
Purchased freight	254.2	29.1	245.4	27.5	8.8	3.6
Depreciation and amortization	51.8	5.9	59.1	6.6	(7.3)	(12.4)
Impairment	—	—	13.4	1.5	(13.4)	(100.0)
Restructuring charges	0.3	0.0	8.8	1.0	(8.5)	(96.6)
Other operating expenses	67.3	7.7	74.7	8.4	(7.4)	(9.9)
Total operating expenses	788.2	90.2	840.4	94.0	(52.2)	(6.2)
INCOME FROM OPERATIONS	$ 85.8	9.8	$ 53.3	6.0	$ 32.5	61.0
OPERATING STATISTICS:						
Company miles	148.1		155.2		(7.1)	(4.6)
Owner operator miles	47.6		49.7		(2.1)	(4.2)
Total miles (in millions)	195.7		204.9		(9.2)	(4.5)
Rate per mile	$ 3.16		$ 3.16		$ —	—
Company-operated tractors, as of year-end	1,819		1,960		(141)	(7.2)
Owner-operated tractors, as of year-end	507		501		6	1.2
Number of trailers, as of year-end	7,059		7,324		(265)	(3.6)
Company-operated tractors, average for the year	1,863		2,255		(392)	(17.4)
Owner-operated tractors, average for the year	508		634		(126)	(19.9)
Total tractors, average for the year	2,371		2,889		(518)	(17.9)

(1) Includes intersegment revenues and expenses, as applicable, which are eliminated in the Company's consolidated results.

The following table sets forth the Company's Flatbed Solutions segment's revenue, operating expenses and operating income for the years ended December 31, 2021 and 2020 in dollars and as a percentage of its Flatbed Solutions segment's total revenue and the increase or decrease in the dollar amounts of those items. The following table also sets forth certain operating statistics for the Company's Flatbed Solutions segment for the years ended December 31, 2021 and 2020.

FLATBED SOLUTIONS

	Year Ended December 31,					
	2021		2020		Increase (Decrease)	
(Dollars in millions, except Rate per mile)	$	%	$	%	$	%
REVENUE[1]:						
Company freight	$ 178.7	25.7	$ 191.2	33.0	$ (12.5)	(6.5)
Owner operator freight	330.1	47.5	262.1	45.3	68.0	25.9
Brokerage	112.3	16.2	70.3	12.1	42.0	59.7
Logistics	4.7	0.7	2.9	0.5	1.8	62.1
Fuel surcharge	68.9	9.9	52.4	9.1	16.5	31.5
Total revenue	694.7	100.0	578.9	100.0	115.8	20.0
OPERATING EXPENSES[1]:						
Salaries, wages and employee benefits	114.6	16.5	124.1	21.4	(9.5)	(7.7)
Fuel	33.5	4.8	31.1	5.4	2.4	7.7
Operations and maintenance	41.2	5.9	41.5	7.2	(0.3)	(0.7)
Purchased freight	356.6	51.3	264.5	45.7	92.1	34.8
Depreciation and amortization	35.1	5.1	38.3	6.6	(3.2)	(8.4)
Impairment	—	—	2.0	0.3	(2.0)	(100.0)
Restructuring charges	—	—	0.6	0.1	(0.6)	(100.0)
Other operating expenses	41.1	5.9	44.2	7.6	(3.1)	(7.0)
Total operating expenses	622.1	89.5	546.3	94.4	75.8	13.9
INCOME FROM OPERATIONS	$ 72.6	10.5	$ 32.6	5.6	$ 40.0	122.7
OPERATING STATISTICS:						
Company miles	74.6		96.3		(21.7)	(22.5)
Owner operator miles	135.3		141.6		(6.3)	(4.4)
Total miles (in millions)	209.9		237.9		(28.0)	(11.8)
Rate per mile	$ 2.42		$ 1.91		$ 0.51	26.7
Company-operated tractors, as of year-end	804		993		(189)	(19.0)
Owner-operated tractors, as of year-end	1,567		1,598		(31)	(1.9)
Number of trailers, as of year-end	4,207		4,255		(48)	(1.1)
Company-operated tractors, average for the year	852		1,118		(266)	(23.8)
Owner-operated tractors, average for the year	1,591		1,574		17	1.1
Total tractors, average for the year	2,443		2,692		(249)	(9.2)

(1) Includes intersegment revenues and expenses, as applicable, which are eliminated in the Company's consolidated results.

Revenue. Total revenue increased $102.7 million for the year ended December 31, 2021, as compared to the same period in 2020. The exit of the Aveda operations, which was completed in the fourth quarter of 2020, resulted in a $51.7 million, or 3.6%, reduction in total revenue. The increase in total revenue was driven primarily by the redeployment of assets, the improvement in our brokerage service offering year-over-year, and capturing elevated freight rates in both of our operating segments and increased fuel surcharge revenues offset by the normalization of wind-related revenues in the Specialized Solutions segment in 2021 as compared to 2020. In addition, there was a 12.2% increase in rate per mile and an 8.4% decrease in total miles driven.

The Company's Specialized Solutions segment's revenue decreased $19.7 million for the year ended December 31, 2021, as compared to the same period in 2020, driven primarily by the exit of the Aveda operations resulting in a $51.7 million, or 5.8%, reduction in the

Specialized Solutions segment's revenue consisting of $40.0 million reduction in total freight revenue, $11.4 million reduction in brokerage revenue, and $0.3 million reduction in logistics revenue. The decrease was also due to the normalization of wind-related revenues in 2021 as compared to 2020, and was partially offset by an $18.7 million increase in fuel surcharge due to increased fuel costs that led to higher fuel surcharges.

The Company's Flatbed Solutions segment's revenue increased $115.8 million for the year ended December 31, 2021, as compared to the same period in 2020, primarily due to increases in owner operator freight and brokerage revenue. Owner operator freight increased $68.0 million due to a 31.8% increase in owner operator rate per mile, partially offset by a 4.4% decrease in miles driven. The redeployment of assets into more favorable end markets resulted in increased brokerage revenue of $42.0 million. The increase in fuel surcharge revenue was due to increased fuel costs that led to higher fuel surcharges. Company freight revenue decreased due to the downsizing of company tractors which led to a decrease in miles.

Salaries, Wages and Employee Benefits. Salaries, wages and employee benefits expense, which consists of compensation for all employees, is primarily affected by the number of miles driven by company drivers, the rate per mile paid to company drivers, employee benefits including, but not limited to, health care and workers' compensation, and to a lesser extent, the number of, and compensation and benefits paid to, non-driver employees. In general, the Specialized Solutions segment drivers receive a higher driver pay per total mile than Flatbed Solutions segment drivers due to the former requiring a higher level of training and expertise.

Salaries, wages and employee benefits expense decreased $21.1 million for the year ended December 31, 2021, as compared to the same period in 2020. The decrease in salaries, wages and employee benefits expense was primarily due to lower driver pay due to the decrease in company miles and additional benefits from decreased employee headcount related to Project Synchronize. Salaries, wages and employee benefits expense, as a percentage of consolidated revenue (excluding brokerage revenue), decreased 3.3% for the year ended December 31, 2021, as compared to the same period in 2020.

The Company's Specialized Solutions segment had a $17.0 million decrease in salaries, wages and employee benefits expense for the year ended December 31, 2021, as compared to the same period in 2020, primarily due to lower driver pay due to the decrease in company miles and additional benefits from decreased employee headcount related to Project Synchronize. Salaries, wages and employee benefits expense, as a percentage of Specialized Solutions revenue (excluding brokerage revenue), decreased 1.9% for the year ended December 31, 2021, as compared to the same period in 2020.

The Company's Flatbed Solutions segment had a $9.5 million decrease in salaries, wages and employee benefits expense for the year ended December 31, 2021, as compared to the same period in 2020, primarily due to lower driver pay due to the decrease in company miles and additional benefits from decreased employee headcount related to Project Synchronize. Salaries, wages and employee benefits expense, as a percentage of Flatbed Solutions revenue (excluding brokerage revenue), decreased 4.7% for the year ended December 31, 2021, as compared to the same period in 2020.

Fuel. Fuel expense consists primarily of diesel fuel expense for company-owned tractors and fuel taxes. The primary factors affecting fuel expense are the cost of diesel fuel, the miles per gallon realized with company equipment and the number of miles driven by Company drivers.

Total consolidated fuel expense increased $20.0 million for the year ended December 31, 2021, as compared to the same period in 2020. Total fuel expense for the Specialized Solutions segment increased $17.6 million for the year ended December 31, 2021, as compared to the same period in 2020. Total fuel expense for the Flatbed Solutions segment increased $2.4 million for the year ended December 31, 2021, as compared to the same period in 2020. These increases were primarily due to a 28.9% increase in fuel prices, partially offset by an 11.5% decrease in Company miles driven for the year ended December 31, 2021, as compared to the same period in 2020. Company miles driven in our Specialized Solutions segment decreased 4.6% for the year ended December 31, 2021, as compared to the same period in 2020. Company miles driven in our Flatbed Solutions segment decreased 22.5% for the year ended December 31, 2021, as compared to the same period in 2020.

Operations and Maintenance. Operations and maintenance expense consists primarily of ordinary vehicle repairs and maintenance, operating lease cost for revenue equipment, costs associated with preparing tractors and trailers for sale or trade-in, driver recruiting, training and safety costs, permitting and pilot car fees and other general operations expenses. Operations and maintenance expense is primarily affected by the age of company-owned tractors and trailers, the number of miles driven in a period and driver turnover.

Operations and maintenance expense decreased $25.3 million for the year ended December 31, 2021, as compared to the same period in 2020 due to a decrease of $5.8 million in maintenance costs such as repairs and tires, $18.4 million in operation costs such as pilot car and

permit fees, and $1.2 million in other operations expenses. Operations and maintenance expense in our Specialized Solutions segment decreased $25.0 million for the year ended December 31, 2021, as compared to the same period in 2020 due to a decrease of $5.2 million in maintenance expense such as repairs and tires due to a reduction of tractors and trailers in the Company's fleet, a decrease of $18.3 million in operation costs such as pilot car and permit fees and a decrease of $1.5 million in other operations expenses. These expenses were lower in 2021 compared to 2020 primarily due to the record wind activity we experienced in 2020 that was more normalized in 2021. Operations and maintenance expense in our Flatbed Solutions segment decreased $0.3 million for the year ended December 31, 2021, as compared to the same period in 2020 due to a decrease of $0.6 million in maintenance and upkeep of tractors and trailers, partially offset by $0.3 million increase in operations expenses. In addition, there were fewer tractors, which helped reduce the overall operations and maintenance expense. Operations and maintenance expense, as a percentage of revenue (excluding brokerage revenue), decreased 2.7% for the year ended December 31, 2021, as compared to the same period in 2020.

Purchased Freight. Purchased freight expense consists of the payments to owner-operators, including fuel surcharge reimbursements, and payments to third-party capacity providers that haul loads brokered to them. Purchased freight expense generally takes into account changes in diesel fuel prices, resulting in lower payments during periods of declining fuel prices.

Total purchased freight expense increased $107.1 million for the year ended December 31, 2021, as compared to the same period in 2020. Purchased freight expense from owner operators increased $69.2 million, or 20.9%, for the year ended December 31, 2021, as compared to the same period in 2020 as a result of a 24.4% increase in owner operators' rate, partially offset by a 4.4% decrease in owner operator miles driven. Purchased freight expense from third-party capacity providers increased $37.9 million, or 23.6%, for the year ended December 31, 2021, as compared to the same period in 2020, as a result of an increase in utilization of third-party capacity providers in the Company's Flatbed Solutions segment. Purchased freight expense, as a percentage of consolidated revenue, for the year ended December 31, 2021, increased 4.6%, as compared to the same period in 2020.

The Company's Specialized Solutions segment's purchased freight expense increased $8.8 million for the year ended December 31, 2021, as compared to the same period in 2020. Purchased freight expense from owner operators increased $8.7 million, or 7.7%, for the year ended December 31, 2021, as compared to the same period in 2020, as a result of a 8.6% increase in owner operators' rate, partially offset by a 4.2% decrease in owner operator miles driven. Purchased freight expense from third-party capacity providers increased $0.1 million, or 0.1%, for the year ended December 31, 2021, as compared to the same period in 2020, as a result of a decrease in utilization of third-party capacity providers. The Company had utilized third-party capacity providers for excess wind volumes in 2020 that was more normalized in 2021. Other operating companies within the Specialized Solutions segment had an increase in brokerage which partially offset this decrease due to the normalization of wind. Purchased freight expense, as a percentage of Specialized Solutions revenue, for the year ended December 31, 2021 increased 1.6%, as compared to the same period in 2020.

The Company's Flatbed Solutions segment's purchased freight expense increased $92.1 million for the year ended December 31, 2021, as compared to the same period in 2020. Purchased freight expense from owner-operators increased $60.6 million, or 27.6%, for the year ended December 31, 2021, as compared to the same period in 2020, as a result of a 31.8% increase in owner operators' rate, partially offset by a 4.4% decrease in owner operators' miles driven. Purchased freight expense from third-party capacity providers increased $31.5 million, or 70.3%, for the year ended December 31, 2021, as compared to the same period in 2020, primarily as a result of increased utilization of third-party capacity providers. Purchased freight expense, as a percentage of Flatbed Solutions revenue, for the year ended December 31, 2021, increased 5.6%, as compared to the same period in 2020.

Administrative. Administrative expense consists of operating lease cost for real estate, professional fees and other expenses that are not directly associated with the Company's fleet services. Administrative expense decreased $3.7 million for the year ended December 31, 2021, as compared to the same period in 2020 as a result of cost reduction initiatives. Administrative expense, as a percentage of revenue, was generally consistent with the same period in 2020.

Taxes and Licenses. Operating taxes and licenses expense primarily represents the costs of taxes and licenses associated with the Company's fleet of equipment and will vary according to the size of its equipment fleet. Taxes and license expense decreased $1.6 million for the year ended December 31, 2021, as compared to the same period in 2020 as a result of an 8.0% decrease in the average company-owned tractor and trailer count. Operating taxes and license expense, as a percentage of revenue, was generally consistent with the same period in 2020.

Insurance and Claims. Insurance and claims expense consists of insurance premiums and the accruals the Company makes for estimated payments and expenses for claims for bodily injury, property damage, cargo damage and other casualty events. The primary factor affecting the Company's insurance and claims expense is seasonality (the Company typically experiences higher accident frequency in winter months), the frequency and severity of accidents, trends in the development factors used in its accruals and developments in large, prior-year claims. The frequency of accidents tends to increase with the miles the Company travels. Insurance and claims expense decreased $5.6 million for

the year ended December 31, 2021, as compared to the same period in 2020 due to decreases in insurance claims and premiums. Insurance and claims, as a percentage of revenue, for the year ended December 31, 2021, decreased 0.7% compared to the same period in 2020.

Depreciation and Amortization. Depreciation and amortization expense consists primarily of depreciation for company-owned tractors and trailers and amortization of those financed with finance leases. The primary factors affecting these expense items include the size and age of company-owned tractors and trailers and the cost of new equipment. Amortization of intangible assets is also included in this expense.

Depreciation and amortization expense decreased $10.2 million for the year ended December 31, 2021, as compared to the same period in 2020 as a result of a 19.5% decrease in average tractor count in the Company's fleet.

The Company's Specialized Solutions segment's depreciation and amortization expense decreased $7.3 million for the year ended December 31, 2021, as compared to the same period in 2020 as a result of a 17.4% decrease in average tractor count in the segment's fleet.

The Company's Flatbed Solutions segment's depreciation and amortization expense decreased $3.2 million for the year ended December 31, 2021, as compared to the same period in 2020 as a result of a 23.8% decrease in average tractor count in the segment's fleet.

Impairment. There was no impairment for the year ended December 31, 2021. Impairment expense was $15.4 million for the year ended December 31, 2020 and consisted of $13.4 million in our Specialized Solutions segment related to the Aveda divestiture, and $2.0 million in our Flatbed Solutions segment related to a tradename impairment resulting from the reorganization of two of our operating companies.

Restructuring Costs. Restructuring costs were $0.3 million for the year ended December 31, 2021. Restructuring costs were $9.5 million for the year ended December 31, 2020, which related to Phase I of Project Synchronize, which was completed in the first quarter of 2020, Phase II of Project Synchronize and the closure of certain Aveda terminals. For the year ended December 31, 2020, restructuring costs were $8.8 million for the Specialized Solutions segment, $0.6 million for the Flatbed Solutions segment and $0.1 million for the Corporate segment.

Other (Income) Expense. Interest expense consists of cash interest, amortization of related issuance costs and fees and prepayment penalties. Interest expense decreased $11.4 million for the year ended December 31, 2021, as compared to the same period in 2020. This decrease was primarily attributable to lower interest rates achieved through the successful refinancing of our Term Loan Facility and decreases in the balance outstanding on the Term Loan Facility. Change in fair value of warrant liability was a gain of $1.6 million for the year ended December 31, 2021, compared to a loss of $2.1 million for the same period in 2020. The change in fair value is directly related to the fair value of the warrant liability as of each period end as calculated using Level 1 and Level 3 inputs. Other income decreased $14.1 million for the year ended December 31, 2021, as compared to the same period in 2020, primarily due to an arbitration settlement relating to the Aveda earnout liability, which resulted in a gain of $13.7 million during the fourth quarter of 2020.

Income Tax. Income tax expense was $26.0 million for the year ended December 31, 2021, compared to income tax benefit of $0.2 million for the same period in 2020. The effective tax rate was 31.7% for the year ended December 31, 2021, compared to (5.1%) for the same period in 2020. The increase in the effective tax rate for the year ended December 31, 2021 compared to the year ended December 31, 2020 is primarily due to the significant increase in pre-tax book income. In addition, the individual impact of permanent differences, which consisted of one-time benefits related to state income taxes and the arbitrated decrease in contingent consideration for the year ended December 31, 2020, did not have a significant impact to the effective tax rate for 2021.

Liquidity and Capital Resources and Capital Requirements

The Company had the following sources of liquidity available as of December 31, 2021 and 2020 (in millions).

	December 31,	
	2021	2020
Cash	$ 147.5	$ 176.2
Availability under line of credit	107.8	83.2
Total	$ 255.3	$ 259.4

The Company's primary sources of liquidity have been cash provided by operating activities, issuances of capital stock and borrowings under its credit facilities. The Company also receives cash from sales of equipment. Cash decreased by $28.7 million at December 31, 2021, as compared to December 31, 2020. This decrease primarily resulted from $178.2 million in net cash used in financing activities, partially offset by $144.7 million in net cash provided by operating activities and $4.9 million in net cash provided by investing activities. See below for more information related to investing activities. As of December 31, 2021, the Company had no borrowings outstanding on

the ABL Facility, $23.3 million in outstanding letters of credit (discussed below), with $107.8 million available under the ABL Facility, based on current qualified collateral.

The Company's business requires substantial amounts of cash for operating expenses, including salaries and wages paid to employees, contract payments to independent contractors, insurance and claims payments, tax payments, and others. On March 22, 2021, the Company's Board of Directors authorized the repurchase of up to 3,000,000 shares of the Company's common stock, of which all 3,000,000 shares were repurchased by the Company during 2021 for approximately $20.4 million in cash. The Company also uses large amounts of cash and credit for capital expenditures.

The Company believes it can finance its expected cash needs, including debt repayment, in the short-term with cash flows from operations, and borrowings available under the ABL Facility. The Company expects that the ABL Facility will provide sufficient credit availability to support its ongoing operations, fund debt service requirements, capital expenditures, and working capital needs. Over the long-term, the Company will continue to have significant capital requirements, and expects to devote substantial financial resources to grow its operations and fund its acquisition activities. As a result of these funding requirements, the Company likely will need to sell additional equity or debt securities or seek additional financing through additional borrowings, lease financing or equity capital. The availability of financing or equity capital will depend upon the Company's financial condition and results of operations as well as prevailing market conditions. If such additional borrowings, lease financing or equity capital is not available at the time it needs to incur such expenditures, the Company may be required to extend the maturity of then outstanding indebtedness, rely on alternative financing arrangements or engage in asset sales.

Business combinations – Since its inception in late 2008 through 2018, the Company acquired 20 open-deck trucking companies. The primary reason for each acquisition was to add resources and services in geographic areas, customers and markets that the Company wants to serve. The Company will continue to evaluate potential acquisitions and any other sources of growth it considers in its best interest.

Capital Expenditures

The Company follows a dual strategy of both owning assets and employing asset-light activities, the latter of which reduces the capital expenditures required to operate the business. Asset-light activities are conducted utilizing tractors and trailers provided by owner-operators and third-party carriers for significant portions of our flatbed and specialized services. Company-owned asset expenditures require substantial cash and financing (including finance and operating leases) to maintain a modern tractor fleet, refresh the trailer fleet, fund replacement and growth in the revenue equipment fleet, and for the acquisition of real property and improvements to existing terminals and facilities. The Company had net cash provided by property and equipment purchases and sales of $4.9 million and financed $64.7 million of non-cash capital expenditures for the year ended December 31, 2021.

Total property and equipment additions for the year ended December 31, 2021 and 2020 are shown below (in millions):

	Year Ended December 31,	
	2021	**2020**
Net cash capital receipts	$ (4.9)	$ (31.6)
Total financed capital expenditures	64.7	58.3
Property and equipment sold for notes receivable	(0.5)	(0.3)
Total net property and equipment additions	$ 59.3	$ 26.4

Total net property and equipment additions increased due to an increase in financed capital expenditures due to timing of the Company's replacement cycle for revenue equipment and a decrease in net cash capital receipts due to fewer sales of equipment.

Additionally, the Company entered into operating leases for revenue equipment with terms of one year to five years and real property with terms of one to seven years having asset values at lease inception of $19.0 million and $4.6 million, respectively, for the year ended December 31, 2021.

The Company currently estimates its 2022 net capital expenditures to be $160 to $170 million; roughly $25 million of which was planned capital spending from 2021 that was pushed into 2022 due to lack of availability in new equipment markets stemming from the global supply chain constraints. Additionally, the Company intends to deploy roughly $10 million of net capital expenditures toward systems enhancements and technology upgrades.

Cash Flows

The Company's summary statements of cash flows information for the years ended December 31, 2021 and 2020 is set forth in the table below (in millions):

	Year Ended December 31,			
	2021		2020	
Net cash provided by operating activities	$	144.7	$	144.9
Net cash provided by investing activities	$	4.9	$	31.6
Net cash used in financing activities	$	(178.2)	$	(96.4)

Operating Activities. Cash provided by operating activities was $144.7 million during the year ended December 31, 2021 and consisted of $56.0 million of net income plus $96.1 million of non-cash items, consisting primarily of depreciation and gain on disposition of property and equipment, offset by $7.4 million of net cash used in working capital and other activities.

The $0.2 million decrease in cash provided by operating activities during the year ended December 31, 2021, as compared with the year ended December 31, 2020, was primarily the result of a $51.9 million improvement in net income, reduced by decreases in net cash provided by working capital of $49.9 million and decreases in non-cash items of $2.2 million. Cash used in changes in operating assets and liabilities during the year ended December 31, 2021 decreased to $7.4 million as compared to $42.5 million cash provided by changes in operating assets and liabilities during the year ended December 31, 2020 primarily due to an accounts receivable impact of $59.9 million resulting from the decrease in revenue from 2019 to 2020, the increase in revenue from 2020 to 2021 and the timing of collections on those related billings.

Investing Activities. Cash flows from investing activities decreased $26.7 million during the year ended December 31, 2021, as compared to same period in 2020 due to an increase of $16.5 million in cash equipment purchases and a net decrease of $10.2 million in cash receipts from sales of property and equipment for the year ended December 31, 2021. The net decrease in cash receipts from sales of property and equipment for the year ended December 31, 2021 was primarily due to proceeds of $30.0 million related to the disposition of Aveda assets during the year ended December 31, 2020 that did not reoccur in 2021.

Total net cash capital expenditures (receipts) for the year ended December 31, 2021 and 2020 are shown below (in millions):

	Year Ended December 31,			
	2021		2020	
Revenue equipment (tractors, trailers and trailer accessories)	$	46.2	$	34.3
Buildings and building improvements		3.1		1.5
Other		4.4		1.4
Total cash capital expenditures		53.7		37.2
Less: Proceeds from sales of property and equipment		58.6		68.8
Net cash capital receipts	$	(4.9)	$	(31.6)

Financing Activities. Cash flows used in financing activities increased from $96.4 million for the year ended December 31, 2020 to $178.2 million for the year ended December 31, 2021. This increase was primarily a result of the refinance of the Term Loan Facility in the first quarter of 2021 utilizing $97.5 million of proceeds from replacement term loans and $83.5 million in cash. The Company also repurchased 3,000,000 shares of the Company's common stock for $20.4 million.

Material Debt

As of December 31, 2021, the Company had the following material debt:

- the Term Loan Facility and the ABL Facility;
- equipment and real estate term loans; and
- finance lease liabilities

The amounts outstanding under such agreements were as follows as of December 31, 2021 and 2020 (in millions):

	2021	2020
Term Loan Facility	$ 397.0	$ 483.5
ABL Facility	—	—
Equipment and real estate term loans	169.0	164.9
Finance lease liabilities	28.5	31.3
Total debt and finance lease liabilities	594.5	679.7
Less current portion	(55.5)	(54.0)
Less unamortized deferred financing fees	(7.6)	(7.1)
Long-term debt and finance lease liabilities, less current portion and unamortized deferred financing fees	$ 531.4	$ 618.6

See Note 8 and Note 2 of the Notes to Consolidated Financial Statements included herein for information regarding the Company's material debt and finance lease liabilities, respectively.

ABL and Term Loan Facilities and Equipment Financing Agreements

As of December 31, 2021, the Company has (i) a $400.0 million senior secured term loan credit facility, and (ii) an asset-based senior secured revolving credit facility with an aggregate maximum credit amount equal to $150.0 million (that may be increased to $200.0 million, subject to availability under a borrowing base). See Note 8 of the Notes to Consolidated Financial Statements for more information regarding the Term Loan Facility and the ABL Facility, including the March 9, 2021 Term Loan refinancing and the April 29, 2021 ABL Amendment.

As of December 31, 2021, the Company had $169.0 million of equipment and real estate loans and $28.5 million of finance leases collateralized primarily by revenue equipment, with the majority of the equipment loans and finance leases having terms of 48 to 60 months. Certain of the term loans contain conditions, covenants, representations and warranties, events of default, and indemnification provisions applicable to the Company and certain of its subsidiaries that are customary for equipment financings, including, but not limited to, limitations on the incurrence of additional debt and the prepayment of existing indebtedness, certain payments (including dividends and other distributions to persons not party to its ABL Facility) and transfers of assets.

Letters of credit – Under the terms of the ABL Facility, lenders may issue up to $40 million of standby letters of credit on our behalf. Outstanding letters of credit reduce the availability on the $150 million ABL Facility. Standby letters of credit are generally issued for the benefit of regulatory authorities, insurance companies and state departments of insurance for the purpose of satisfying certain collateral requirements, primarily related to automobile, workers' compensation, and general insurance liabilities.

Inflation

Inflation can have an impact on the Company's operating costs. A prolonged period of inflation could cause interest rates, fuel, wages and other costs to increase, which would adversely affect the Company's results of operations unless freight rates correspondingly increase. The Company attempts to limit the effects of inflation through increases in freight rates, certain cost control efforts and limiting the effects of fuel prices through fuel surcharges and measures intended to reduce the consumption of fuel. Recently, we have experienced inflationary cost pressures including rising driver and employee compensation.

Seasonality

In the transportation industry, results of operations generally show a seasonal pattern. The Company's productivity decreases during the winter season because inclement weather impedes operations, end-users reduce their activity and certain shippers reduce their shipments during winter. At the same time, operating expenses increase, and fuel efficiency decreases because of engine idling and harsh weather creating higher accident frequency, increased claims and higher equipment repair expenditures. The Company also may suffer from weather-related or other events such as tornadoes, hurricanes, blizzards, ice storms, floods, fires, earthquakes and explosions, which may increase in frequency or intensity due to climate change. These events may disrupt fuel supplies, increase fuel costs, disrupt freight shipments or routes, affect regional economies, destroy the Company's assets, increase insurance costs or adversely affect the business or financial condition of its customers, any of which could adversely affect the Company's results of operations or make such results more volatile.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") requires it to make estimates and assumptions that impact the amounts reported in its consolidated financial statements and accompanying notes. Therefore, the reported amounts of assets, liabilities, revenue, expenses, and associated disclosures of contingent assets and liabilities are affected by these estimates and assumptions. The Company evaluates these estimates and assumptions on an ongoing basis, utilizing historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from these estimates and assumptions, and it is possible that materially different amounts will be reported using differing estimates or assumptions. The Company considers critical accounting estimates to be those that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on the Company's financial condition or results of operations. The Company's critical accounting estimates include the following:

Impairment of Goodwill and Indefinite-Lived Intangible Assets

Goodwill and indefinite-lived intangible assets are tested for impairment at least annually on October 1 (or more frequently if impairment indicators arise) for each reporting unit by applying either a qualitative or quantitative analysis in accordance with the authoritative accounting guidance for such assets. The Company first assesses qualitative factors to evaluate whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as the basis for determining whether it is necessary to perform a quantitative impairment test. The Company may bypass the qualitative assessment for any reporting unit in any period and proceed directly with the quantitative analysis. The quantitative analysis compares the fair value of the reporting unit with its carrying amount.

Determining the fair value of a reporting unit requires judgement and the use of significant estimates and assumptions. Such estimates and assumptions include discount rates, revenue growth rates, future operating margins, future capital expenditures, changes in working capital requirements and terminal growth rates. The Company believes the estimates and assumptions used in our impairment assessments are reasonable and based on available market information, but variations in any of the assumptions could result in materially different calculations of fair value and determinations of whether or not an impairment is indicated.

For goodwill, the Company determines the fair value of a reporting unit using the discounted cash flow method (an income approach) and the guideline public company method (a market approach). Under the discounted cash flow method, the Company determines the fair value based on estimated cash flows of each reporting unit discounted to present value using risk-adjusted discount rates. Cash flow projections are determined by management. Under the guideline public company method, the Company determines the estimated fair value of each reporting unit by applying valuation multiples of comparable publicly-traded companies to each reporting unit's projected earnings before interest, taxes, depreciation and amortization (EBITDA). During 2021, the Company elected to bypass the qualitative analysis and prepared a quantitative analysis on three of its reporting units for goodwill. The key assumptions used in this analysis for the income approach was a discount rate of 10.0% and long-term growth rate of 3.0%. For the market approach, the key assumptions used were valuation multiples of comparable publicly-traded companies ranging from 4.0x to 6.6x and a multiple adjustment of 80.0%. As a result of the quantitative analysis, each of the reporting units had estimated fair value of equity that exceeded the carrying value of equity by greater than 20%.

For indefinite-lived intangible assets, the Company determines the fair value of the reporting unit using the relief-from-royalty method. The relief-from-royalty method (an income approach) was used to determine the fair value of the Company's trade names. Effectively, a royalty rate was applied to forecasted revenue to determine the amount of royalty payments a market participant would pay to use the trade name. This valuation approach involved two general steps: (1) Established an estimate of future cash flows associated with the asset being measured and (2) discounted those estimated future cash flows to present value. In addition, the calculations were tax-effected. During 2021, the Company elected to bypass a qualitative analysis and prepared a quantitative analysis on four of its reporting units for trade names. The key assumptions used in this analysis were a royalty rate ranging from 0.5% to 1.0%, EBITDA margins ranging from 7.2% to 19.0%, terminal growth rate of 3.0%, discount rate of 11.0% and capitalization rate of 8.0%. As a result of the quantitative analysis, the estimated fair value of each of the trade names exceeded its carrying value. For one trade name, the estimated fair value exceeded the carrying value by less than 20%.

Income Taxes

Our income tax expense, and deferred tax asset and liability balances reflect management's best assessment of estimated future taxes to be paid, and significant judgments and estimates are required in determining our income taxes. Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the consolidated financial statement and tax basis of assets and liabilities at the applicable enacted tax rates. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled.

When we maintain deferred tax assets, we must assess the likelihood that these assets will be recovered through adjustments to future taxable income. To the extent we believe recovery is not likely, we establish a valuation allowance to reduce the asset to a value we believe will be recoverable based on our expectation of future taxable income. We believe the accounting estimate related to the valuation allowance is a critical accounting estimate because it is susceptible to change from period to period, requires management to make assumptions about our future taxable income to determine the realizability of our deferred tax assets. For our deferred tax assets that do not have a valuation allowance, we believe these are more likely than not to be realized due to our projected future taxable income. If the Company were to generate lower taxable income than expected, this may affect the ultimate realization of those deferred tax assets.

The Company recognizes the tax benefit from uncertain tax positions only if, in our judgment, it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. We adjust our liabilities for uncertain tax positions when our judgment changes as a result of new information previously unavailable.

Accrued Insurance and Claims

The Company uses a combination of purchased insurance, self-insurance, and captive group programs. The insurance provides for the cost of vehicle liability, cargo loss, damage, general liability, property, workers' compensation claims and employee medical benefits. Self-insurance accruals relate primarily to vehicle liability, cargo damage, workers' compensation and employee medical claims. The measurement and classification of self-insured costs requires the consideration of historical cost experience, demographic and severity factors, and judgments about the current and expected levels of cost per claim and retention levels. These methods provide estimates of the liability associated with claims incurred as of the balance sheet date, including claims not yet reported. A liability is recognized for the estimated cost of all self-insured claims including an estimate of incurred but not reported (IBNR) claims based on historical experience. The Company uses an actuarial method to develop currently known claim information to derive an estimate of the ultimate claim liability to account for estimated IBNR. The Company believes these methods are appropriate for measuring these highly judgmental self-insurance accruals. However, the use of any estimation method is sensitive to the assumptions and factors described above, based on the magnitude of claims and the length of time from the date the claim is incurred to ultimate settlement. Accordingly, changes in these assumptions and factors can materially affect actual costs paid to settle the claims and those amounts may be different than estimates.

Stock-Based Compensation

Awards of equity instruments issued to employees and directors are accounted for under the fair value method of accounting. Compensation cost is measured for all equity-classified stock-based awards at fair value on the date of grant and recognized using the straight-line method over the service period over which the awards are expected to vest. Compensation cost is remeasured for all liability-classified stock-based awards at fair value at each period-end and recognized using the straight-line method over the service period over which the awards are expected to vest.

Determining compensation cost is judgmental in nature and involves the use of significant estimates and assumptions. For example, (i) the fair value of all time-vested options as of the date of grant is estimated using the Black-Scholes option valuation model, which require the input of highly subjective assumptions, including the expected stock price volatility, (ii) since the Company does not have a sufficient history of exercise behavior, expected term is calculated using the assumption that options will be exercised ratably from the date of vesting to the end of the contractual term for each vesting tranche of awards, and (iii) fair values of liability-classified performance stock units with a market condition are estimated each period-end using the Monte Carlo valuation model in a risk-neutral framework to model future stock price movements based upon highly subjective assumptions, including historical volatility, risk-free rates of return and the stock price simulated over the performance period.

Recently Issued Accounting Pronouncements

Refer to *Recently Issued Accounting Pronouncements* on page F-15.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company has interest rate exposure arising from the credit facilities and other financing agreements, which have variable interest rates. These variable interest rates are impacted by changes in short-term interest rates. Assuming the current level of borrowings, a hypothetical one-percentage point increase in interest rates would increase the Company's annual interest expense by $4.0 million. As of December 31, 2021 and December 31, 2020, the Company had outstanding approximately $397.0 million and $484.0 million, respectively, of variable rate borrowings that were not subject to interest rate swaps.

The Company has commodity exposure with respect to fuel used in company-owned and leased tractors. Increases in fuel prices will raise the Company's operating costs, even after applying fuel surcharge revenue. Historically, the Company has been able to recover a majority of fuel price increases from its customers in the form of fuel surcharges. The Company cannot predict the extent or speed of potential changes in fuel price levels in the future, the degree to which the lag effect of fuel surcharge programs will impact it as a result of the timing and magnitude of such changes, or the extent to which effective fuel surcharges can be maintained and collected to offset such increases.

Item 8. Financial Statements and Supplementary Data

The information called for by Item 8 is found in a separate section of this Form 10-K starting on page F-1. See the "Index to Financial Statements" on 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

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), are required to be designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act, including this Report, are recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. These disclosure controls and procedures should include controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive officer ("CEO") and principal financial officer ("CFO"), as appropriate to allow timely decisions regarding required disclosures. The Company's management, including the Company's CEO and CFO, conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this Report and, based on that evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were effective as of December 31, 2021.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR"), as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2021, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management has concluded that we maintained effective internal control over financial reporting as of December 31, 2021.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2021 has been audited by Grant Thornton LLP, our independent registered public accounting firm, as stated in its report, which appears in this Item of this Annual Report on this Amended Form 10-K under the heading Report of Independent Registered Public Accounting Firm.

Changes in Internal Control over Financial Reporting

Remediation of 2020 Material Weakness as of December 31, 2021

As previously disclosed in the 2020 Annual Report on Form 10-K/A, the Company identified a material weakness in our internal control over financial reporting related to the proper classification of the warrants we issued in July and August 2015. This error in classification was brought to our attention only when the SEC issued a Staff Statement on Accounting and Reporting Considerations for Warrants Issued by Special Purpose Acquisition Companies ("SPACs") dated April 12, 2021. We have determined that this material weakness has been fully remediated as of December 31, 2021.

The remediation steps we have taken include:

- Discussed the issues with the impacted personnel, including accounting and financial reporting personnel;
- Reviewed our processes around identifying and evaluating the appropriate accounting technical pronouncements and other literature for all significant or unusual transactions;
- Made improvements to our processes by acquiring enhanced access to accounting literature, research material and documents; and
- Increased our communication among our personnel and third-party professionals with whom we consult regarding the application of complex matters.

As of December 31, 2021, the remedial measures described above have been satisfactorily implemented and we have had sufficient time to test the operating effectiveness of such remedial measures.

Except as described above, there were no 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 Company's most recently completed quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Daseke, Inc.

Opinion on internal control over financial reporting
We have audited the internal control over financial reporting of Daseke, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2021, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended December 31, 2021, and our report dated February 23, 2022 expressed as an unqualified opinion on those financial statements.

Basis for opinion
The Company's management is responsible 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 the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting
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.

/s/ GRANT THORNTON LLP

Dallas, Texas
February 23, 2022

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information called for by this Item is contained in the Company's definitive Proxy Statement for its 2022 Annual Meeting of Stockholders, and is incorporated herein by reference.

The Company has adopted a code of ethics that applies to its officers and directors. The Company has filed copies of its code of ethics, its audit committee charter and its compensation committee charter as exhibits to the Company's registration statement in connection with the initial public offering; these documents are also available on its website. You may review these documents by accessing our public filings at the SEC's web site at www.sec.gov. In addition, a copy of the code of ethics will be provided without charge upon request to the Company.

Item 11. Executive Compensation

The information called for by this Item is contained in the Company's definitive Proxy Statement for its 2022 Annual Meeting of Stockholders, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information called for by this Item is contained in the Company's definitive Proxy Statement for its 2022 Annual Meeting of Stockholders, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Party Transactions, and Director Independence

The information called for by this Item is contained in the Company's definitive Proxy Statement for its 2022 Annual Meeting of Stockholders, and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information called for by this Item is contained in the Company's definitive Proxy Statement for its 2022 Annual Meeting of Stockholders, and is incorporated herein by reference.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) *Financial Statements*

The financial statements included in Item 8. Financial Statements and Supplementary Data” are filed as part of this Form 10-K.

(2) *Financial Statement Schedules*

There are no financial statement schedules filed as part of this Form 10-K, since the required information is included in the financial statements, including the notes thereto, included in “Item 8. Financial Statements and Supplementary Data” or the circumstances requiring inclusion of such schedules are not present.

(3) *Exhibits*

Exhibit No.	Exhibit
3.1	Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by the registrant on March 3, 2017).
3.2	Charter Amendment to Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q filed by the registrant on August 6, 2020).
3.3	By-Laws of Daseke, Inc., as last amended and effective May 22, 2018 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by the registrant on May 25, 2018).
3.4	First Amendment to the By-Laws of Daseke, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by the registrant on August 18, 2020).
3.5	Certificate of Designations, Preferences, Rights and Limitations of 7.625% Series A Convertible Cumulative Preferred Stock (incorporated by reference to Exhibit 3.2 to the registrant's Current Report on Form 8-K filed by the registrant on March 3, 2017).
4.1	Specimen stock certificate for the registrant's common stock (incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed by the registrant on March 3, 2017).
4.2	Specimen stock certificate for the registrant's 7.625% Series A Convertible Preferred Stock (incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed by the registrant on March 3, 2017).
4.3	Specimen warrant certificate (incorporated by reference to Exhibit 4.3 to the registrant's Current Report on Form 8-K filed by the registrant on March 3, 2017).
4.4	Warrant Agreement, dated July 22, 2015, between Continental Stock Transfer & Trust Company and the registrant (incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed by the registrant on July 28, 2015).
4.5	Sponsor Warrants Purchase Agreement, dated May 11, 2015, among the registrant and Hennessy Capital Partners II LLC (incorporated by reference to Exhibit 10.6 to the Registration Statement on Form S-1 (No. 333-205152) filed by the registrant on June 22, 2015).
4.6	Amended and Restated Registration Rights Agreement, dated as of February 27, 2017, by and among the registrant, Daseke Companies, Inc. (f/k/a Daseke, Inc.), Hennessy Capital Partners II LLC, and certain security holders of the registrant party thereto (incorporated by reference to Exhibit 4.1 of the registrant's Current Report on Form 8-K filed by the registrant on March 3, 2017).
4.7*	Description of securities.
10.1	Term Loan Agreement, dated as of February 27,2017, amongst the registrant, HCAC Merger Sub, Inc. (which merger with and into Daseke, Inc., which changed its name to Daseke Companies, Inc.), as borrower, certain financial institutions from time to time party thereto, as lenders, Credit Suisse AG, Cayman Islands Branch, as administrative agent, and Credit Suisse Securities (USA) LLC, UBS Securities LLC, and PNC Capital Markets LLC, as joint lead arrangers and joint bookrunners (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the registrant on March 3, 2017).

10.2	Amendment No. 1 to Term Loan Agreement, dated as of August 16,2017, among Daseke Companies, Inc, Daseke, Inc., Credit Suisse AG, Cayman Islands Branch, as administrative agent and collateral agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Current Report filed by the registrant on Form 8-K on August 22, 2017).
10.3	Incremental and Refinancing Amendment (Amendment No. 2 to the Term Loan Agreement), dated as of November 28, 2017, among the registrant, Daseke Companies, Inc. and certain of its subsidiaries, Credit Suisse AG, Cayman Islands Branch, as administrative agent and collateral agent, and the lenders party thereto (incorporated by reference to Exhibit 10.3 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2017).
10.4§	Refinancing Amendment (Amendment No. 3 to Term Loan Agreement), dated as of March 9, 2021, by and among the registrant, Daseke Companies, Inc. and each of the registrant's other subsidiaries party thereto, the financial institutions party thereto as lenders, Credit Suisse AG, Cayman Islands Branch, as predecessor administrative agent and collateral agent, and JPMorgan Chase Bank, N.A., as successor administrative agent and collateral agent (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the registrant on March 10, 2021).
10.5	Fifth Amended and Restated Revolving Credit and Security Agreement, dated February 27, 2017, among the registrant, HCAC Merger Sub, Inc. (which merged with and into Daseke, Inc., which changed its name to Daseke Companies, Inc.) and certain of its subsidiaries party thereto, PNC Bank, National Association, as lender and agent, and certain financial institutions, as lenders, from time to time party thereto (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by the registrant on March 3, 2017).
10.6	First Amendment to Fifth Amended and Restated Revolving Credit and Security Agreement, dated August 31, 2017, by and among the registrant, Daseke Companies, Inc., and certain of its subsidiaries party thereto and PNC Bank, National Association, as agent, and the lenders party thereto (incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q filed on November 9, 2017).
10.7	Second Amendment to Fifth Amended and Restated Revolving Credit and Security Agreement, dated November 28, 2017, by and among the registrant, Daseke Companies, Inc. and certain of its subsidiaries party thereto, PNC Bank, National Association, as agent, and the lenders party thereto (incorporated by reference to Exhibit 10.6 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2017).
10.8§	Third Amendment to Fifth Amended and Restated Revolving Credit and Security Agreement, dated June 15, 2018, by and among the registrant, Daseke Companies, Inc., each of its subsidiaries party thereto as borrowers, PNC Bank National Association, as agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on August 9, 2018).
10.9§	Fourth Amendment and Waiver to Fifth Amended and Restated Revolving Credit and Security Agreement, dated as of November 5, 2020, by and among the registrant, Daseke Companies, Inc., each of its subsidiaries party thereto as borrowers, the lenders party thereto, and PNC Bank, National Association, as agent for the lenders (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on November 12, 2020).
10.10§	Fifth Amendment to Fifth Amended and Restated Revolving Credit and Security Agreement, dated April 29, 2021, by and among the registrant, Daseke Companies, Inc. and each of the registrant's other subsidiaries party thereto, the financial institutions party thereto as lenders and PNC Bank, National Association, as agent for the lenders (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the registrant on April 30, 2021).
10.11§	Board Representation Agreement by and among the registrant, Lyons Capital, LLC, The Lyons Community Property Trust, dated June 15, 1979, Phillip N. Lyons and Grant Garbers (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the registrant on January 5, 2021).
10.12	Board Agreement by and among the registrant, The Walden Group, Inc. and Don R. Daseke (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by the registrant on January 5, 2021).
10.13+	Employment Agreement, dated as of August 2, 2021, by and between Jonathan Shepko and the registrant (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by registrant on August 3, 2021).

10.14+	Employment Agreement, dated as of April 20, 2020, by and between Jason Bates and the registrant (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed by the registrant on August 6, 2020).
10.15+	Employment Agreement, dated as of May 6, 2020, by and between Rick Williams and the registrant (incorporated by reference to Exhibit 10.8 to the Quarterly Report on Form 10-Q filed by the registrant on August 6, 2020).
10.16+	Separation Agreement, dated as of August 26, 2019, by and between Don R. Daseke and the registrant (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the registrant on August 29, 2019).
10.17+	Separation Agreement, dated as of December 30, 2020, by and among Christopher R. Easter and the registrant (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed by the registrant on January 5, 2021).
10.18+	Form of Indemnification Agreement between the registrant and each of its directors and executive officers (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K filed by the registrant on March 3, 2017).
10.19+	Daseke, Inc. 2017 Omnibus Incentive Plan, as amended and restated on May 26, 2017, effective as of February 27, 2017 (incorporated by reference to Exhibit 4.3 to the registrant's Registration Statement on Form S-8 filed on May 31, 2017 (File No. 333-218386)).
10.20+	First Amendment to Daseke, Inc. 2017 Omnibus Incentive Plan (as amended and restated on May 26, 2017, effective as of February 27, 2017), effective as of September 6, 2019 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on November 12, 2019).
10.21	Daseke, Inc. 2017 Omnibus Incentive Plan, as amended and restated on June 18, 2021 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the registrant on June 21, 2021).
10.22+	Daseke, Inc. 2017 Management Stock Ownership Program for Selected Management (incorporated by reference to Exhibit 4.5 to the registrant's Registration Statement on Form S-8 filed on May 31, 2017 (File No. 333-218386).
10.23+	Daseke, Inc. 2017 Stock Ownership Program for Employees (incorporated by reference to Exhibit 4.4 to the registrant's Registration Statement on Form S-8 filed on May 31, 2017 (File No. 333-218386)).
10.24+	Daseke, Inc. 2017 Stock Ownership Program for Truck Driver Employees (incorporated by reference to Exhibit 4.6 to the registrant's Registration Statement on Form S-8 filed on May 31, 2017 (File No. 333-218386)).

10.25+	Form of Non-Qualified Stock Option Award Agreement of the registrant (incorporated by reference to Exhibit 10.8 to the registrant's Current Report on Form 8-K filed on March 3, 2017).
10.26+	Form of Non-Qualified Stock Option Award Agreement for Non-Employee Directors of the registrant (incorporated by reference to Exhibit 10.9 to the registrant's Current Report on Form 8-K filed on March 3, 2017).
10.27+	Restricted Stock Unit Award Agreement, dated as of September 19, 2019, by and between Brian Bonner and the registrant (incorporated by reference to Exhibit 10.8 to the registrant's Quarterly Report on Form 10-Q filed on November 12, 2019).
10.28+	Non-Qualified Stock Option Award Agreement, dated as of April 20, 2020, between Jason Bates and the registrant (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-8 filed by the registrant on April 23, 2020).
10.29+	Non-Qualified Stock Option Award Agreement, dated as of April 20, 2020, between Jason Bates and the registrant (incorporated by reference to Exhibit 4.4 to the Registration Statement on Form S-8 filed by the registrant on April 23, 2020).
10.30+	Performance Stock Unit Award Agreement, dated as of April 23, 2020, between Jason Bates and the registrant (incorporated by reference to Exhibit 4.5 to the Registration Statement on Form S-8 filed by the registrant on April 23, 2020).
10.31*+	Form of Non-Qualified Stock Option Award Agreement (commencing in 2020).
10.32*+	Form of Performance Stock Unit Award Agreement (commencing in 2020).
10.33+	Form of Restricted Stock Unit Award Agreement of the registrant (commencing in 2021) (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q filed by the registrant on August 3, 2021).
10.34+	Form of Performance Stock Unit Award Agreement of the registrant (commencing in 2021) (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed by the registrant on August 3, 2021).
10.35+	Form of Restricted Stock Unit Award Agreement (Non-Employee Directors) of the registrant (commencing in 2021) (incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q filed by the registrant on August 3, 2021).
21.1*	List of subsidiaries.
23.1*	Consent of Independent Registered Public Accounting Firm
31.1*	Certification of Principal Executive Officer under Section 302 of Sarbanes-Oxley Act of 2002.

31.2*	Certification of Principal Financial Officer under Section 302 of Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer under Section 906 of Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer under Section 906 of Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Inline Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Filed herewith.
** Furnished herewith.
+ Management contract or compensatory plan or arrangement.
§ Schedules and similar attachments have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish supplementally copies of any of the omitted schedules and attachments upon request by the SEC; provided, however, that the Company may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any schedules and attachments so furnished.

Item 16. Form 10-K Summary

None.

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.

DASEKE, INC.
(Registrant)

Date: February 23, 2022

By: /s/ Jonathan Shepko
Jonathan Shepko
Chief Executive Officer and Director
(On behalf of the Registrant)

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 indicated on February 23, 2022.

Signature	Title
/s/ Jonathan Shepko Jonathan Shepko	Chief Executive Officer and Director (Principal Executive Officer)
/s/ Jason Bates Jason Bates	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
/s/ Chuck Serianni Chuck Serianni	Chairman of the Board
/s/ Brian Bonner Brian Bonner	Director
/s/ Don R. Daseke Don R. Daseke	Director
/s/ Catharine Ellingsen Catharine Ellingsen	Director
/s/ Grant Garbers Grant Garbers	Director
/s/ Melendy Lovett Melendy Lovett	Director
/s/ Ena Williams Ena Williams	Director

DASEKE, INC.
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Daseke, Inc.

Opinion on the financial statements
We have audited the accompanying consolidated balance sheets of Daseke, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations and comprehensive income, changes in stockholders' equity, and cash flows for each of the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 23, 2022 expressed an unqualified opinion.

Basis for opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter
The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Quantitative goodwill impairment assessments – fair values of reporting units

At December 31, 2021, the Company's goodwill balance was $140.1 million. As discussed in Notes 1 and 4 of the financial statements, goodwill is tested for impairment using qualitative or quantitative methods at least annually as of October 1, or more frequently if events or circumstances indicate potential impairment. Management elected to prepare quantitative impairment analyses for certain of the Company's reporting units as of October 1, 2021. The Company engaged a third-party valuation firm to estimate the fair values of the reporting units using a combination of the income and market approaches. As a result of these assessments, management concluded the fair value of each reporting unit exceeded its respective carrying value, therefore no impairment was identified. We identified the estimation of the fair values of the reporting units in management's quantitative impairment analyses as a critical audit matter.

The principal consideration for our determination that the estimation of the fair values of the reporting units is a critical audit matter is that there was high estimation uncertainty due to significant judgments with respect to assumptions used to project the future cash flows, including revenue growth rates and earnings before interest, taxes, depreciation and amortization (EBITDA) margins, as well as the discount rates and the valuation methodologies applied by the third-party valuation firm.

Our audit procedures related to the estimation of the fair value of the reporting units included the following, among others. We tested the effectiveness of internal controls relating to management's review of the assumptions used to project future cash flows and the valuation methodologies applied by the third-party valuation firm. In addition to testing the effectiveness of controls, we also performed the following:

- Utilized professionals with specialized skill and knowledge to evaluate:
  - the methodologies used and whether they were acceptable for the underlying assets or operations and applied correctly by performing independent calculations,
  - the reasonableness of the risk-adjusted discount rates by recalculating the weighted average cost of capital,
  - the guideline public companies and transactions utilized by the Company by examining financial metrics of the comparable public companies and transactions within the industry and considering market participant guidance and perspective, and
  - the qualifications of the third-party valuation firm engaged by the Company based on their credentials and experience.
- Tested the completeness and accuracy of underlying data used in the estimate.
- Tested the forecasted cash flows, including revenue growth rates and EBITDA margins, by assessing the historical accuracy of management's estimates and the reasonableness of assumptions used by management, including analyzing the sensitivity of changes in significant assumptions and the resulting impact to the estimated fair values.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2013.

Dallas, Texas
February 23, 2022

DASEKE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except share and per share data)

	December 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 147.5	$ 176.2
Accounts receivable, net of allowance of $2.1 and $3.0 at December 31, 2021 and 2020, respectively	172.3	154.4
Drivers' advances and other receivables	7.7	8.0
Other current assets	22.6	26.5
Total current assets	350.1	365.1
Property and equipment, net	397.7	402.7
Intangible assets, net	86.9	93.8
Goodwill	140.1	140.1
Right-of-use assets	108.3	121.1
Other non-current assets	4.3	4.1
Total assets	$ 1,087.4	$ 1,126.9
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 14.7	$ 16.5
Accrued expenses and other liabilities	43.9	35.7
Accrued payroll, benefits and related taxes	32.9	29.9
Accrued insurance and claims	26.8	23.7
Current portion of long-term debt	55.5	54.0
Warrant liability	4.7	—
Current operating lease liabilities	33.7	30.9
Total current liabilities	212.2	190.7
Line of credit	—	—
Long-term debt, net of current portion	531.4	618.6
Deferred tax liabilities	85.1	70.0
Non-current operating lease liabilities	81.1	96.0
Warrant liability	—	6.3
Other non-current liabilities	1.6	6.5
Total liabilities	911.4	988.1
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Series A convertible preferred stock, $0.0001 par value; 10,000,000 shares authorized; 650,000 shares issued with liquidation preference of $65.0 at December 31, 2021 and 2020	65.0	65.0
Common stock, par value $0.0001 per share; 250,000,000 shares authorized, 62,489,278 and 65,023,174 shares issued and outstanding at December 31, 2021 and 2020, respectively	—	—
Additional paid-in-capital	387.8	401.6
Accumulated deficit	(276.8)	(327.8)
Accumulated other comprehensive loss	—	—
Total stockholders' equity	176.0	138.8
Total liabilities and stockholders' equity	$ 1,087.4	$ 1,126.9

The accompanying notes are an integral part of the consolidated financial statements.

DASEKE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(In millions, except share and per share data)

	Years Ended December 31,	
	2021	**2020**
Revenues:		
Company freight	$ 629.7	$ 676.8
Owner operator freight	486.5	408.9
Brokerage	269.0	234.3
Logistics	39.2	37.4
Fuel surcharge	132.4	96.7
Total revenue	1,556.8	1,454.1
Operating expenses:		
Salaries, wages and employee benefits	378.3	399.4
Fuel	107.3	87.3
Operations and maintenance	143.8	169.1
Communications	4.0	3.6
Purchased freight	598.5	491.4
Administrative	62.8	66.5
Sales and marketing	1.9	1.8
Taxes and licenses	14.8	16.4
Insurance and claims	61.3	66.9
Depreciation and amortization	88.1	98.3
Gain on disposition of revenue property and equipment	(17.1)	(6.9)
Impairment	—	15.4
Restructuring charges	0.3	9.5
Total operating expenses	1,444.0	1,418.7
Income from operations	112.8	35.4
Other expense (income):		
Interest income	(0.3)	(0.6)
Interest expense	33.5	44.9
Change in fair value of warrant liability	(1.6)	2.1
Other	(0.8)	(14.9)
Total other expense	30.8	31.5
Income before income taxes	82.0	3.9
Income tax expense (benefit)	26.0	(0.2)
Net income	56.0	4.1
Other comprehensive income:		
Foreign currency translation adjustments	—	0.4
Comprehensive income	$ 56.0	$ 4.5
Net income	$ 56.0	$ 4.1
Less dividends to Series A convertible preferred stockholders	(5.0)	(4.9)
Net income (loss) attributable to common stockholders	$ 51.0	$ (0.8)
Earnings (loss) per common share:		
Basic	$ 0.79	$ (0.01)
Diluted	$ 0.77	$ (0.01)
Weighted-average common shares outstanding:		
Basic	63,744,456	64,775,275
Diluted	65,409,258	64,775,275
Dividends declared per Series A convertible preferred share	$ 7.63	$ 7.63

The accompanying notes are an integral part of the consolidated financial statements.

DASEKE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended December 31, 2021 and 2020
(In millions, except share data)

	Series A Convertible Preferred Stock		Common Stock		Additional Paid- In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount	Shares	Par Value				
Balance at January 1, 2020	650,000	$ 65.0	64,589,075	$ —	$ 396.9	$ (327.0)	$ (0.4)	$ 134.5
Exercise of warrants	—	—	1	—	—	—	—	—
Vesting of restricted stock units	—	—	434,098	—	(0.1)	—	—	(0.1)
Series A convertible preferred stock dividend	—	—	—	—	—	(4.9)	—	(4.9)
Stock-based compensation expense	—	—	—	—	4.8	—	—	4.8
Foreign currency translation adjustments	—	—	—	—	—	—	0.4	0.4
Net income	—	—	—	—	—	4.1	—	4.1
Balance at December 31, 2020	650,000	$ 65.0	65,023,174	$ —	$ 401.6	$ (327.8)	$ —	$ 138.8
Exercise of stock options	—	—	157,545	—	0.5	—	—	0.5
Exercise of warrants	—	—	5	—	—	—	—	—
Vesting of restricted stock units	—	—	308,554	—	(1.9)	—	—	(1.9)
Series A convertible preferred stock dividend	—	—	—	—	—	(5.0)	—	(5.0)
Common stock repurchased and retired	—	—	(3,000,000)	—	(20.4)	—	—	(20.4)
Stock-based compensation expense	—	—	—	—	8.0	—	—	8.0
Net income	—	—	—	—	—	56.0	—	56.0
Balance at December 31, 2021	650,000	$ 65.0	62,489,278	$ —	$ 387.8	$ (276.8)	$ —	$ 176.0

The accompanying notes are an integral part of the consolidated financial statements.

DASEKE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Years Ended December 31,	
	2021	2020
Cash flows from operating activities		
Net income	$ 56.0	$ 4.1
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	81.2	91.1
Amortization of intangible assets	6.9	7.2
Amortization of deferred financing fees	1.7	4.3
Non-cash operating lease expense	0.8	(8.0)
Non-cash adjustments to contingent consideration	—	(13.9)
Change in fair value of warrant liability	(1.6)	2.1
Write-off of deferred financing fees	1.2	—
Stock-based compensation expense	8.6	5.9
Deferred taxes	14.7	(0.1)
Bad debt (recovery) expense	(0.3)	1.2
Gain on disposition of property and equipment	(17.1)	(6.9)
Impairment	—	15.4
Changes in operating assets and liabilities		
Accounts receivable	(17.7)	42.2
Drivers' advances and other receivables	0.9	—
Other current assets	3.9	(0.6)
Accounts payable	(1.8)	(4.1)
Accrued expenses and other liabilities	7.3	5.0
Net cash provided by operating activities	144.7	144.9
Cash flows from investing activities		
Purchase of property and equipment	(53.7)	(37.2)
Proceeds from sale of property and equipment	58.6	68.8
Net cash provided by investing activities	4.9	31.6
Cash flows from financing activities:		
Advances on line of credit	1,656.3	1,484.7
Repayments on line of credit	(1,656.3)	(1,486.4)
Principal payments on long-term debt	(247.4)	(82.2)
Proceeds from long-term debt	97.5	—
Payment of contingent consideration	—	(7.6)
Payments of deferred financing fees	(3.4)	—
Repurchases of common stock	(20.4)	—
Exercise of stock options, net	0.5	—
Series A convertible preferred stock dividends	(5.0)	(4.9)
Net cash used in financing activities	(178.2)	(96.4)
Effect of exchange rates on cash and cash equivalents	(0.1)	0.4
Net increase (decrease) in cash and cash equivalents	(28.7)	80.5
Cash and cash equivalents – beginning of year	176.2	95.7
Cash and cash equivalents – end of year	$ 147.5	$ 176.2

The accompanying notes are an integral part of the consolidated financial statements.

DASEKE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS - (Continued)
(In millions)

	2021	2020
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 29.6	$ 40.6
Cash paid for income taxes	$ 10.4	$ 3.5
Noncash investing and financing activities		
Property and equipment acquired with debt or finance lease liabilities	$ 64.7	$ 58.3
Property and equipment sold for notes receivable	$ 0.5	$ 0.3
Right-of-use assets acquired	$ 23.6	$ 54.6

The accompanying notes are an integral part of the consolidated financial statements.

DASEKE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Daseke, Inc. is engaged in full service open-deck trucking that specializes primarily in flatbed truckload and heavy haul transportation of specialized items throughout the United States, Canada and Mexico. The Company also provides logistical planning and warehousing services to customers. The Company is subject to regulation by the Department of Transportation, the Department of Defense, the Department of Energy, and various state regulatory authorities in the United States. The Company is also subject to regulation by the Ministries of Transportation and Communications and various provincial regulatory authorities in Canada.

Principles of Consolidation

The consolidated financial statements include the accounts of Daseke, Inc. and its wholly owned subsidiaries ("Daseke"). All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

The Company grants credit to its customers for substantially all of its sales. Accounts receivable are carried at original invoice amount less an estimate for doubtful accounts. The Company establishes an allowance for doubtful accounts based on a periodic review of its outstanding receivables and consideration of historical experience. Accounts receivable are written off when deemed uncollectible and recoveries of trade accounts receivable previously written off are recorded as income when received. Accounts receivable are unsecured and the Company does not charge interest on outstanding receivables.

Changes in the allowance for doubtful accounts is as follows (in millions):

	Year Ended December 31,	
	2021	2020
Beginning balance	$ 3.0	$ 3.5
Bad debt (recovery) expense	(0.3)	1.2
Write-off, less recoveries	(0.6)	(1.7)
Ending balance	$ 2.1	$ 3.0

Cash and Cash Equivalents

Cash equivalents are defined as short-term investments that have an original maturity of three months or less at the date of purchase and are readily convertible into cash. The Company maintains cash in several banks and, at times, the balances may exceed federally insured limits. The Company does not believe it is exposed to any material credit risk on cash. The Company has a money market account with balances of $129.2 million and $160.0 million, as of December 31, 2021 and 2020, respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, and are depreciated to estimated salvage value using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and building improvements	10 – 40 years
Leasehold improvements	5 – 20 years [1]
Revenue equipment – tractors, trailers and accessories	5 – 15 years
Assets leased and available for lease to owner-operators	5 – 15 years
Vehicles	5 – 7 years
Furniture and fixtures	5 – 7 years
Office, computer equipment and capitalized software development	3 – 5 years

[1] or the term of the lease, whichever is shorter

Long-lived assets are reviewed for impairment at the asset group level whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the sum of the expected future undiscounted cash flow is less than the carrying amount of the asset, an impairment is indicated. A loss is then recognized for the difference, if any, between the fair value of the asset (as estimated by management using its best judgment) and the carrying value of the asset. If actual market value is less favorable than that estimated by management, additional write-downs may be required.

Goodwill and Intangible Assets

Goodwill and other intangible assets result from business acquisitions. The Company accounts for business acquisitions by assigning the purchase price to tangible and intangible assets and liabilities. Assets acquired and liabilities assumed are recorded at their fair values and the excess of the purchase price over amounts assigned is recorded as goodwill.

Goodwill is tested for impairment at least annually (or more frequently if impairment indicators arise) for each reporting unit by applying either a qualitative or quantitative analysis in accordance with the authoritative accounting guidance on goodwill. The Company first assesses qualitative factors to evaluate whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as the basis for determining whether it is necessary to perform a quantitative goodwill impairment test. The Company may bypass the qualitative assessment for any reporting unit in any period and proceed directly with the quantitative analysis. The quantitative analysis compares the fair value of the reporting unit with its carrying amount. The Company estimates the fair value of a reporting unit using a combination of discounted expected future cash flows (an income approach) and guideline public companies method (a market approach). The Company's annual assessment is conducted as of October 1 of each year.

Other intangible assets recorded consist of indefinite lived trade names and definite lived non-competition agreements and customer relationships. These intangible assets are stated at estimated fair value at the time of acquisition less accumulated amortization. Amortization is recorded using the straight-line method over the following estimated useful lives:

Customer relationships	10 – 15 years
Non-competition agreements	2 – 5 years

The Company evaluates its definite lived intangible assets for impairment when current facts or circumstances indicate that the carrying value of the assets to be held and used may not be recoverable. Indefinite-lived intangible assets are tested for impairment annually applying a fair value based analysis in accordance with the authoritative accounting guidance for such assets.

Right of Use Assets

The Company capitalizes operating and finance leases for various real estate including corporate offices, trucking facilities and terminals, warehouses, and tractor parking as well as various types of equipment including tractors, trailers, forklifts, and office equipment. Leases with an initial term of 12 months or less (short term leases) across all asset classes are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term.

Some of the Company’s leases include one or more options to renew, with renewals that can extend the lease term from 1 to 5 years. The Company’s lease term calculations include the impact of options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option, and the exercise of lease renewal options is at the Company’s sole discretion. Certain leases also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Rights and obligations related to lease agreements the Company has signed but that have not yet commenced are not material. The Company has certain lease agreements related to its revenue equipment that contain residual value guarantees. These residual value guarantees require the Company to return the revenue equipment at the end of the lease term in a certain condition as specified by the lessor in the lease agreement.

The Company determines whether an arrangement is classified as a lease at inception. The Company's right-of-use assets represent its right to use the underlying assets for the lease term and the Company's lease liabilities represent its obligation to make lease payments arising from the leases. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company's operating lease agreements generally do not provide an implicit rate. The Company develops an incremental borrowing rate based on the information available at the commencement date regarding the interest rate applicable to collateralized borrowings for a period similar to the original lease period. The incremental borrowing rates were used in determining the present value of lease payments which is reflected as the lease liability.

Revenue and Expense Recognition

While there may be master service agreements with Company customers, a contract is not established until the customer specifically requests the Company’s services and the Company accepts. The Company evaluates each contract for distinct performance obligations. In the Company’s business, a typical performance obligation is the transportation of a load, including any highly interrelated ancillary services.

The Company’s revenue and related costs are recognized when the Company satisfies its performance obligation(s) transferring goods or services to the customer and the customer obtains control. With respect to freight, brokerage, logistics and fuel surcharge revenue, the Company’s customers simultaneously receive and consume the benefits of the Company’s contracts; therefore revenue is recognized over time. This is a faithful depiction of the satisfaction of the performance obligation, as the customer does not need to re-perform the transportation services the Company has provided to date. Logistics revenues are recognized as the services are provided.

Generally, the Company’s customers are billed upon delivery of the freight or monthly and remit payment according to the approved payment terms.

Freight Revenue

Freight revenue is generated by hauling customer freight using company owned equipment (company freight) and owner-operator equipment (owner-operator freight). Freight revenue is the product of the number of revenue-generating miles driven and the rate per mile received from customers plus assessorial charges, such as loading and unloading freight, cargo protection, fees for detained equipment or fees for route planning and supervision.

Brokerage Revenue

The Company regularly engages third-party capacity providers to haul loads. The Company is primarily responsible for fulfilling the promise to provide load transportation services, and has discretion in setting prices, along with the risk to fulfill the contract to the customer. Based upon this evaluation, the Company has determined that it is the principal and therefore, records gross revenues and expenses for brokerage services.

Logistics Revenue

Logistics revenue is generated from a range of services, including value-added warehousing, loading and unloading, vehicle maintenance and repair, preparation and packaging, fuel management, and other fleet management solutions.

Fuel Surcharge

Fuel surcharge revenue compensates the Company for fuel costs above a certain cost per gallon base. Generally, the Company receives fuel surcharges from customers on loaded miles. Typically fuel surcharge does not apply to empty miles, idle time or out of route miles.

The Company has designated the following preference and practical expedients:

- To not disclose remaining performance obligations when the expected performance obligation duration is one year or less. The vast majority of the Company's services transfer control within a month of the inception of the contract with select specialized loads taking several months to allow for increased planning and permitting.

- Recognize the incremental costs of obtaining or fulfilling a contract as an expense when incurred, as the amortization period of a potential asset would be recognized in one year or less.

- Exclude taxes collected on behalf of government authorities from the Company's measurement of transaction prices. Tax amounts are not included within net income or cost of sales.

Advertising

Advertising costs are expensed as incurred and were insignificant for the years ended December 31, 2021 and 2020.

Sales Taxes

Taxes collected from customers and remitted to governmental authorities are presented in revenues in the consolidated statements of operations and comprehensive income on a net basis.

Income Taxes

Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the consolidated financial statement and tax basis of assets and liabilities at the applicable enacted tax rates.

The Company recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company recognizes interest and penalties related to income tax matters in income tax expense (benefit) within the statements of operations and comprehensive income. The Company had no uncertain tax positions as of December 31, 2021 and 2020.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to credit risk include accounts receivable. One customer represented approximately 10% of trade accounts receivable as of December 31, 2021 and one customer represented approximately 13% of trade accounts receivable as of December 31, 2020. No single customer represented 10% or greater of total revenue for the year ended December 31, 2021 and one customer represented approximately 10% of total revenue for the year ended December 31, 2020.

Deferred Financing Fees

In conjunction with obtaining long-term debt, the Company incurs financing costs which are being amortized using the straight-line method, which approximates the effective interest rate method, over the terms of the obligations. As of December 31, 2021 and 2020, the balance of deferred finance charges was $7.6 million and $7.1 million, respectively, which is included as a reduction of long-term debt, net of current portion in the consolidated balance sheets. Amortization of deferred financing fees for the years ended December 31, 2021 and 2020 totaled $1.7 million and $4.3 million, respectively, which is included in interest expense.

Fair Value Measurements

The Company follows the accounting guidance for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a framework for measuring fair value and expands disclosures about fair value measurements. The three levels of the fair value framework are as follows:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.
Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data.
Level 3 – Unobservable inputs reflecting the reporting entity's own assumptions or external inputs from inactive markets.

A financial asset or liability's classification within the framework is determined based on the lowest level of input that is significant to the fair value measurement.

The Company may be required, on a non-recurring basis, to adjust the carrying value of the Company's property and equipment, intangible assets, goodwill and contingent consideration. When necessary, these valuations are determined by the Company using Level 3 inputs. These assets are subject to fair value adjustments in certain circumstances, such as when there is evidence that impairment may exist.

The Company's warrant liabilities (see Note 11 for details) are included within the Level 1 and Level 3 fair value hierarchy. The following table sets forth by level within the fair value hierarchy the Company's assets and liabilities that were accounted for at fair value (in millions):

	Fair value as of December 31, 2021			
Liabilities:	Level 1	Level 2	Level 3	Total
Warrant liability	$ 2.7	$ —	$ 2.0	$ 4.7
Total fair value	$ 2.7	$ —	$ 2.0	$ 4.7

	Fair value as of December 31, 2020			
Liabilities:	Level 1	Level 2	Level 3	Total
Warrant liability	$ 3.6	$ —	$ 2.7	$ 6.3
Total fair value	$ 3.6	$ —	$ 2.7	$ 6.3

The table below is a summary of the changes in the fair value of the warrant liability within the Level 3 fair value hierarchy for the years ended December 31, 2021 and 2020 (in millions):

	Year Ended December 31,	
	2021	2020
Balance, beginning of year	$ 2.7	$ 1.8
Change in fair value	(0.7)	0.9
Balance, end of year	$ 2.0	$ 2.7

On October 21, 2020, the Company and the representative of the former Aveda shareholders agreed to an earnout payment of $7.4 million as the result of an arbitration process, which was paid in the fourth quarter of 2020. The settlement was approximately $13.7 million less than the contingent consideration liability, which was recognized as a gain in other income in the fourth quarter of 2020. In addition, $0.2 million was paid during the year ended December 31, 2020 related to other contingent consideration.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued expenses, the line of credit and long-term debt. The carrying value of these financial instruments approximates fair value based on the liquidity of these financial instruments, their short-term nature or variable interest rates.

Stock-Based Compensation

Awards of equity instruments issued to employees and directors are accounted for under the fair value method of accounting and recognized in the consolidated statements of operations and comprehensive income. Compensation cost is measured for all equity-classified stock-based awards at fair value on the date of grant and recognized using the straight-line method over the service period over which the awards are expected to vest. Compensation cost is remeasured for all liability-classified stock-based awards at fair value at each period-end and recognized using the straight-line method over the service period over which the awards are expected to vest.

Fair value of all time-vested options as of the date of grant is estimated using the Black-Scholes option valuation model, which was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. Option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Since the Company does not have a sufficient history of exercise behavior, expected term is calculated using the assumption that the options will be exercised ratably from the date of vesting to the end of the contractual term for each vesting tranche of awards. The risk-free interest rate is based on the U.S. Treasury yield curve for the period of the expected term of the stock option. Expected volatility is calculated using an index of publicly traded peer companies.

Fair values of non-vested stock awards (restricted stock units) are equal to the market value of the common stock on the date of the award with compensation costs amortized over the vesting period of the award.

Fair values of equity-classified performance stock units without a market condition are equal to the market value of the common stock on the date of the award with compensation costs amortized over the vesting period of the award for awards probable to vest. Fair values of liability-classified performance stock units without a market condition are equal to the market value of the common stock at each period-end with compensation costs amortized over the vesting period of the award for awards probable to vest. Fair values of liability-classified performance stock units with a market condition are estimated each period-end using the Monte Carlo valuation model in a risk-neutral framework to model future stock price movements based upon highly subjective assumptions, including historical volatility, risk-free rates of return and the stock price simulated over the performance period. The risk-free interest rate is based on the interpolated constant maturity treasury curve for the performance period. Expected volatility is calculated using annualized historical volatility with a lookback period equal to the remaining performance period.

Accrued Insurance and Claims

The Company uses a combination of purchased insurance, self-insurance, and captive group programs. The insurance provides for the cost of vehicle liability, cargo loss, damage, general liability, property, workers' compensation claims and employee medical benefits. Self-insurance accruals relate primarily to vehicle liability, cargo damage, workers' compensation and employee medical claims.

The measurement and classification of self-insured costs requires the consideration of historical cost experience, demographic and severity factors, and judgments about the current and expected levels of cost per claim and retention levels. These methods provide estimates of the liability associated with claims incurred as of the balance sheet date, including claims not reported. A liability is recognized for the estimated cost of all self-insured claims including an estimate of incurred but not reported claims based on historical experience. The Company believes these methods are appropriate for measuring these highly judgmental self-insurance accruals. However, the use of any estimation method is sensitive to the assumptions and factors described above, based on the magnitude of claims and the length of time from the date the claim is incurred to ultimate settlement. Accordingly, changes in these assumptions and factors can materially affect actual costs paid to settle the claims and those amounts may be different than estimates.

Segment Reporting

The Company determines its operating segments based on the information utilized by the chief operating decision maker to allocate resources and assess performance. Based on this information, the Company has determined it has 11 operating segments as of December 31, 2021 and 2020 that are aggregated into two reportable segments: Flatbed Solutions, which delivers its services using primarily flatbed transportation equipment to meet the needs of high-volume, time-sensitive shippers, and Specialized Solutions, which delivers transportation and logistics solutions for super heavy haul, high-value customized and over-dimensional loads, many of which require engineering and customized equipment.

Earnings Per Share

Basic earnings per common share is calculated by dividing net income attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share reflect the potential dilution of earnings per share that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the Company's earnings.

Common Stock Purchase Warrants

The Company accounts for warrants for shares of the Company's common stock that are not indexed to its own stock or do not meet the equity classification guidance as liabilities at fair value on the balance sheet. The warrants are subject to remeasurement at each balance sheet date and any change in fair value is recognized as a component of other income (expense), net on the statement of operations. The Company will continue to adjust the liability for changes in fair value until the earlier of the exercise or expiration of the common stock warrants. At the time of exercise, the portion of the warrant liability related to the exercised common stock warrants will be reclassified to additional paid-in capital. See Note 11 for additional details on the common stock purchase warrants.

Foreign Currency Gains and Losses

The functional currency for all operations except Canada is the U.S. dollar. The local currency is the functional currency for the Company's operations in Canada. For these operations, assets and liabilities are translated at the rates of exchange on the consolidated balance sheet date, while income and expense items are translated at average rates of exchange during the period. The resulting gains or losses arising from the translation of accounts from the functional currency into U.S. dollars are included as a separate component of stockholders' equity in accumulated other comprehensive income until a partial or complete liquidation of the Company's net investment in the foreign operation.

From time to time, the Company's foreign operations may enter into transactions that are denominated in a currency other than their functional currency. These transactions are initially recorded in the functional currency of the operating company based on the applicable exchange rate in effect on the date of the transaction. Monthly, these transactions are remeasured to an equivalent amount of the functional currency based on the applicable exchange rate in effect on the remeasurement date. Any adjustment required to remeasure a transaction to the equivalent amount of functional currency is recorded in the consolidated statements of operations of the foreign operating company as a component of foreign exchange gain or loss.

Internal-use software

The Company capitalizes implementation costs incurred in a cloud-based hosting arrangement that is a service contract in the same manner as costs incurred to obtain internal-use software. These implementation costs, while not material, are included in property and equipment and amortized over the term of the service contract.

Recently Issued Accounting Pronouncements

In August 2020, the FASB issued ASU 2020-06 – Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. The guidance simplifies the accounting for convertible debt and convertible preferred stock by removing the requirements to separately present certain conversion features in equity. In addition, the amendments also simplify the guidance in ASC Subtopic 815-40, Derivatives and Hedging: Contracts in Entity's Own Equity, by removing certain criteria that must be satisfied in order to classify a contract as equity, which is expected to decrease the number of freestanding instruments and embedded derivatives accounted for as assets or liabilities. Finally, the amendments revise the guidance on calculating earnings per share, requiring use of the if-converted method for all convertible instruments and rescinding an entity's ability to rebut the presumption of share settlement for instruments that may be settled in cash or other assets. The amendments are effective for the Company for fiscal years beginning after December 15, 2021. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. The guidance must be adopted as of the beginning of the fiscal year of adoption. ASU 2020-06 is not expected to have a material impact on the Company's consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04 – Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments provide optional guidance for a limited time to ease the potential burden in accounting for reference rate reform. The new guidance provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts and hedging relationships that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. In addition, in January 2021, the FASB issued ASU No. 2021-01, Reference Rate Reform (Topic 848) – Scope, to clarify that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition.

These amendments are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The Company does not expect this to have a material impact on the Company's consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12 – Income Taxes (Topic 740) Simplifying the Accounting for Income Taxes, as part of its initiative to reduce complexity in the accounting standards. The amendments in ASU 2019-12 eliminate certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. ASU 2019-12 also clarifies and simplifies other aspects of the accounting for income taxes. The amendments in ASU 2019-12 will become effective for the Company on January 1, 2022. Early adoption is permitted, including adoption in any interim period. The Company is currently evaluating the impact of adopting this guidance.

In June 2016, the FASB issued ASU No. 2016-13, Accounting for Credit Losses (Topic 326). ASU 2016-13 requires the use of an "expected loss" model on certain types of financial instruments. The ASU sets forth a "current expected credit loss" (CECL) model which requires the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets, including trade receivables. The new standard will become effective for the Company beginning with the first quarter 2023 and is not expected to have a material impact on the Company's consolidated financial statements.

Reclassification of Prior Period Amounts

Certain prior period financial information has been reclassified to conform to current period presentation. We reclassified certain prior period amounts in the reconciliation between the effective income tax rate and the United States statutory income tax rate as of December 31, 2020 to conform to current year classification. In addition, we reclassified certain prior period amounts in the components of other current assets as of December 31, 2020 to conform to current year classification.

NOTE 2 – LEASES

Lessee

The Company has operating and finance leases for various real estate including corporate offices, trucking facilities and terminals, warehouses, and tractor parking as well as various types of equipment including tractors, trailers, forklifts, and office equipment. New real estate lease agreements will typically have initial terms between 3 to 15 years and new equipment lease agreements will typically have initial terms of 3 to 9 years.

The Company follows ASC 360, *Impairment or Disposal of Long-Lived Assets,* to determine whether right-of-use assets relating to operating and finance leases are impaired. The Company recorded impairment charges of $3.2 million to right-of-use assets relating to Aveda operating leases for the year ended December 31, 2020. The fair value of the right-of-use assets were determined utilizing a market participant discount rate and the estimated market rent, in connection with the divestiture of Aveda in the Specialized Solutions segment. There was no impairment recorded for the year ended December 31, 2021.

The following table reflects the Company's components of lease expenses for the year ended December 31, 2021 and 2020 (in millions):

	Classification	Year Ended December 31, 2021	2020
Operating lease cost			
Revenue equipment	Operations and maintenance	$ 25.5	$ 24.3
Real estate	Administrative	14.9	8.7
Variable lease cost	Operations and maintenance, and Administrative	0.9	0.1
Short-term lease cost	Operations and maintenance, and Administrative	0.9	0.5
Total operating lease cost		$ 42.2	$ 33.6
Finance lease cost			
Amortization of right-of-use assets	Depreciation and amortization	$ 6.7	$ 5.1
Interest on lease liabilities	Interest expense	1.2	1.2
Total finance lease cost		$ 7.9	$ 6.3
Total lease cost		$ 50.1	$ 39.9

The components of assets and liabilities for operating and finance leases are as follows as of December 31, 2021 and 2020 (in millions):

	Classification	December 31, 2021	2020
Assets			
Operating lease right-of-use assets	Right-of-use assets	$ 108.3	$ 121.1
Finance lease right-of-use assets	Property and equipment, net	29.1	30.6
Total lease assets		$ 137.4	$ 151.7
Liabilities			
Operating lease liabilities:			
Current	Current operating lease liabilities	$ 33.7	$ 30.9
Non-current	Non-current operating lease liabilities	81.1	96.0
Total operating lease liabilities		$ 114.8	$ 126.9
Finance lease liabilities:			
Current	Current portion of long-term debt	$ 8.0	$ 8.5
Non-current	Long-term debt, net of current portion	20.5	22.7
Total finance lease liabilities		$ 28.5	$ 31.2
Total lease liabilities		$ 143.3	$ 158.1

The following table is a summary of supplemental cash flows related to leases for the year ended December 31, 2021 and 2020 (in millions):

	Year ended December 31, 2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ (41.6)	$ (37.8)
Operating cash flows from finance leases	(1.2)	(1.1)
Financing cash flows from finance leases	(9.6)	(6.6)
Right-of-use assets obtained in exchange for lease obligations:		
Operating lease right-of-use assets	$ 23.6	$ 54.6
Finance lease right-of-use assets	6.7	11.6

The following table is the future payments on leases as of December 31, 2021 (in millions):

Year ending December 31,	Operating leases	Finance leases	Total
2022	$ 38.2	$ 9.0	$ 47.2
2023	31.7	9.4	41.1
2024	19.8	6.8	26.6
2025	11.7	3.9	15.6
2026	8.7	1.6	10.3
Thereafter	18.7	—	18.7
Total lease payments	128.8	30.7	159.5
Less: interest	(14.0)	(2.2)	(16.2)
Present value of lease liabilities	$ 114.8	$ 28.5	$ 143.3

The following table is a summary of weighted average lease terms and discount rates for leases as of December 31, 2021 and 2020:

	December 31,	
	2021	2020
Weighted-average remaining lease term (years)		
Operating leases	4.94	5.59
Finance leases	3.08	3.57
Weighted-average discount rate		
Operating leases	4.62%	5.04%
Finance leases	4.17%	4.40%

Lessor

The Company leases tractors and trailers to certain of its owner-operators and accounts for these transactions as operating leases. These leases typically have terms of 30 to 72 months and are collateralized by a security interest in the related revenue equipment. The Company recognizes income for these leases as payments are received over the lease term, which are reported in purchased freight on the consolidated statements of operations and comprehensive income. The Company's equipment leases may include options for the lessee to purchase the equipment at the end of the lease term or terminate the lease prior to the end of the lease term. When an asset reaches the end of its useful economic life, the Company disposes of the asset.

The Company recorded depreciation expense of $21.5 million and $18.7 million on its revenue equipment leased and available for lease to owner-operators under operating leases for the year ended December 31, 2021 and 2020, respectively. Lease income from lease payments related to the Company's operating leases for the years ended December 31, 2021 and 2020, was $28.2 million and $25.0 million, respectively.

The following table is the future minimum receipts on leases as of December 31, 2021 (in millions):

Year ending December 31,	Amount
2022	$ 23.8
2023	19.3
2024	13.7
2025	6.9
2026	3.3
Thereafter	0.3
Total minimum lease receipts	$ 67.3

NOTE 3 – OTHER CURRENT ASSETS

The components of other current assets are as follows as of December 31 (in millions):

	2021	2020
Prepaid insurance	$ 7.5	$ 12.0
Prepaid licensing, permits and tolls	4.8	4.9
Parts supplies	3.5	3.1
Other prepaids	2.7	3.2
Income tax receivable	1.9	1.6
Prepaid highway and fuel taxes	1.1	1.1
Prepaid software	1.1	0.6
Total	$ 22.6	$ 26.5

NOTE 4 – GOODWILL AND INTANGIBLE ASSETS

Goodwill represents the excess of the purchase price of all acquisitions over the estimated fair value of the net assets acquired. The Company performs an impairment test of goodwill annually as of October 1 or when impairment indicators arise.

There were no goodwill impairments for the years ended December 31, 2021 and 2020. Accumulated impairment as of December 31, 2021 and 2020 was $118.8 million, comprised of $42.2 million in the Flatbed Solutions segment and $76.6 million in the Specialized Solutions segment.

The summary of changes in the carrying amount of goodwill for the years ended December 31, 2021 and 2020 are as follows (in millions):

	Flatbed Solutions Segment	Specialized Solutions Segment	Total
Goodwill balance at January 1, 2020	$ 59.3	$ 80.6	$ 139.9
Foreign currency translation adjustment	—	0.2	0.2
Goodwill balance at December 31, 2020	59.3	80.8	140.1
Foreign currency translation adjustment	—	—	—
Goodwill balance at December 31, 2021	$ 59.3	$ 80.8	$ 140.1

During 2021, there were no impairments related to intangible assets. During 2020, the Company recorded impairment charges to intangible assets of $8.2 million in the Specialized Solutions segment for the trade names category of intangible assets as a result of the divestiture of Aveda and the reorganization and merger of two of the Company's operating companies.

Intangible assets consisted of the following at December 31, 2021 and 2020 (in millions):

	As of December 31, 2021			As of December 31, 2020		
	Intangible Assets	Accumulated Amortization	Intangible Assets, net	Intangible Assets	Accumulated Amortization	Intangible Assets, net
Non-competition agreements	$ 21.7	$ (20.8)	$ 0.9	$ 21.7	$ (19.7)	$ 2.0
Customer relationships	88.9	(53.9)	35.0	88.9	(48.1)	40.8
Trade names	50.9	—	50.9	50.9	—	50.9
Foreign currency translation adjustment	0.1	—	0.1	0.1	—	0.1
Total intangible assets	$ 161.6	$ (74.7)	$ 86.9	$ 161.6	$ (67.8)	$ 93.8

As of December 31, 2021, non-competition agreements and customer relationships had weighted average remaining useful lives of 1.0 and 8.6 years, respectively.

Amortization expense for intangible assets with definite lives was $6.9 million and $7.2 million for the years ended December 31, 2021 and 2020, respectively.

Future estimated amortization expense is as follows (in millions):

Year ending December 31,	Non-competition Agreements	Customer Relationships
2022	$ 0.8	$ 5.9
2023	0.1	5.9
2024	—	4.1
2025	—	3.1
2026	—	2.6
Thereafter	—	13.4
Total	$ 0.9	$ 35.0

NOTE 5 – PROPERTY AND EQUIPMENT

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the carrying amount of an asset or group of assets exceeds its net realizable value, the asset will be written down to its fair value and the amount recognized for impairment is equal to the difference between the carrying value and the asset's fair value.

During 2021, there were no impairments related to property and equipment. During the first quarter of 2020, as a result of the divestiture of Aveda, the Company recorded an impairment charge of $4.0 million in the Specialized Solutions segment to state property and equipment at fair value, calculated using the indirect method of the cost approach. The impairment charges are included in impairment in the consolidated statements of operations and comprehensive income.

The components of property and equipment are as follows at December 31 (in millions):

	2021	2020
Revenue equipment	$ 520.5	$ 546.7
Revenue equipment leased and available for lease to owner-operators	123.4	87.1
Buildings and improvements	58.0	57.0
Furniture and fixtures, office and computer equipment, vehicles and capitalized software development	33.3	31.9
	735.2	722.7
Accumulated depreciation	(337.5)	(320.0)
Total	$ 397.7	$ 402.7

Total depreciation expense was $81.2 million and $91.1 million for the years ended December 31, 2021 and 2020, respectively, which included depreciation expense on revenue equipment leased and available for lease to owner-operators of $21.5 million and $18.7 million for the years ended December 31, 2021 and 2020.

NOTE 6 – INTEGRATION AND RESTRUCTURING

On July 30, 2019, the Company internally announced a plan to integrate three operating segments with three other operating segments (Project Synchronize or the Plan), which reduced the number of operating segments from 16 to 13. On September 4, 2019, the Company announced a comprehensive restructuring plan (Project Pivot) intended to reduce its cost base, right size its organization and management team and increase and accelerate its previously announced operational improvement goals. The integration and restructuring costs consist of asset impairments, employee-related costs, and other transition and termination costs related to restructuring activities. Employee-related costs include severance, tax preparation, and relocation costs, which are accounted for in accordance with ASC 420 *Exit or Disposal Cost Obligations*. Other transition and termination costs include fixed asset-related charges, contract and lease termination costs, professional fees, and other miscellaneous expenditures associated with the integration or restructuring activities, which are expensed as incurred. Costs are reported in restructuring charges in the consolidated statements of operations and comprehensive income. The obligation related to employee separation costs is included in other current liabilities in the consolidated balance sheets.

During the first quarter of 2020, the Company made the decision to close certain of the Aveda terminals and wind down those operations. The Company recorded $8.2 million of restructuring and exit costs in connection with the closure of these terminals in the year ended December 31, 2020 and the Company does not expect any future material restructuring and exit costs associated with the closure.

On March 10, 2020, the Company announced a plan to integrate three operating segments with three other operating segments (Phase II of the Plan). Phase II of the Plan was initially expected to be significantly completed by June 30, 2020, however, due to uncertainties and changes in focus caused by the COVID-19 pandemic, the Company delayed and reevaluated Phase II of the Plan and reduced the planned number of integrations from three to two operating segments.

The Company recorded $0.3 million and $1.3 million of integration and restructuring expenses in connection with the Plan and Project Pivot in the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021, we have incurred a cumulative total of $10.0 million in integration and restructuring costs since inception of Phase I and II of the Plan. The Company does not expect any future material restructuring costs associated with these Plans.

The following table summarizes the integration and restructuring costs as of December 31, 2021 (in millions):

	Severance and Other Payroll	Operating Lease Termination	Fixed Asset Impairment	Other	Total
Specialized Solution					
Balance, December 31, 2020	$ —	$ —	$ —	$ —	$ —
Costs accrued	—	—	—	0.3	0.3
Amounts paid or charged	—	—	—	(0.3)	(0.3)
Specialized Solution balance at December 31, 2021	—	—	—	—	—
Flatbed Solution					
Balance, December 31, 2020	$ —	$ —	$ —	$ —	$ —
Costs accrued	—	—	—	—	—
Amounts paid or charged	—	—	—	—	—
Flatbed Solution balance at December 31, 2021	—	—	—	—	—
Corporate					
Balance, December 31, 2020	$ 0.1	$ —	$ —	$ —	$ 0.1
Costs accrued	—	—	—	—	—
Amounts paid or charged	—	—	—	—	—
Adjustments	(0.1)	—	—	—	(0.1)
Corporate balance at December 31, 2021	—	—	—	—	—
Consolidated					
Balance, December 31, 2020	$ 0.1	$ —	$ —	$ —	$ 0.1
Costs accrued	—	—	—	0.3	0.3
Amounts paid or charged	—	—	—	(0.3)	(0.3)
Adjustments	(0.1)	—	—	—	(0.1)
Consolidated balance at December 31, 2021	$ —	$ —	$ —	$ —	$ —

NOTE 7 – ACCRUED EXPENSES AND OTHER LIABILITIES

The components of accrued expenses and other liabilities are as follows at December 31 (in millions):

	2021	2020
Brokerage and escorts	$ 15.6	$ 11.9
Owner operator deposits	11.3	7.8
Unvouchered payables	8.7	6.1
Other accrued expenses	3.7	6.8
Accrued property taxes and sales taxes payable	2.3	1.5
Fuel and fuel taxes	1.2	1.1
Interest	1.1	0.5
	$ 43.9	$ 35.7

NOTE 8 – LONG-TERM DEBT

Long-term debt consists of the following at December 31 (in millions):

	2021	2020
Term Loan Facility	$ 397.0	$ 483.5
ABL Facility	—	—
Equipment and real estate term loans	169.0	164.9
Finance lease liabilities	28.5	31.3
Total debt and finance lease liabilities	594.5	679.7
Less current portion	(55.5)	(54.0)
Less unamortized deferred financing fees	(7.6)	(7.1)
Long-term debt and finance lease liabilities, less current portion and unamortized deferred financing fees	$ 531.4	$ 618.6

Term Loan Facility

On March 9, 2021, the Company and Daseke Companies, Inc., a wholly-owned subsidiary of the Company (the Term Loan Borrower), entered into a Refinancing Amendment (Amendment No. 3 to Term Loan Agreement) (the Term Loan Amendment) with JPMorgan Chase Bank, N.A., as successor administrative agent and collateral agent and a replacement lender, Credit Suisse AG, Cayman Islands Branch, as predecessor administrative agent and collateral agent, the other loan parties party thereto and the other financial institutions party thereto. Pursuant to the Term Loan Amendment, the Company prepaid, refinanced and replaced all of its issued and outstanding term loans under its Term Loan Facility (as defined below) in an aggregate principal amount of approximately $483.5 million utilizing proceeds from (i) replacement term loans in aggregate principal amount of $400.0 million (the Replacement Term Loans) and (ii) approximately $83.5 million from its cash balance.

The terms of the Replacement Term Loans are governed by a $400.0 million term loan facility (the Term Loan Facility) evidenced by a Term Loan Agreement dated as of February 27, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the Term Loan Agreement), among the Company, the Term Loan Borrower, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent (as successor to Credit Suisse AG, Cayman Islands Branch) (the Term Loan Agent), and the other lenders from time to time party thereto with a scheduled maturity date of March 9, 2028. The Replacement Term Loans are, at the Company's election from time to time, comprised of alternate base rate loans (an ABR Borrowing) or adjusted LIBOR loans (a Eurodollar Rate Borrowing), with the applicable margins of interest being an alternate base rate (subject to a 1.75% floor) plus 3.00% per annum and LIBOR (subject to a 0.75% floor) plus 4.00% per annum. As of December 31, 2021 and 2020, the interest rate on the Term Loan Facility was 4.75% and 6.0%, respectively.

The Term Loan Facility is secured by substantially all assets of the Company, excluding those assets collateralizing certain equipment and real estate debt and other customary exceptions.

The Term Loan Facility permits voluntary prepayments of borrowings. In certain circumstances (subject to exceptions, exclusions and, in the case of excess cash flow, step-downs described below), the Company may also be required to make an offer to prepay the Replacement Term Loans if it receives proceeds as a result of certain asset sales, debt issuances, casualty or similar events of loss, or if it has excess cash flow (defined as an annual amount calculated using a customary formula based on consolidated Adjusted EBITDA, including, among other things, deductions for (i) the amount of certain voluntary prepayments of the Replacement Term Loans and (ii) the amount of certain capital expenditures, acquisitions, investments and restricted payments). The percentage of excess cash flow that must be applied as a mandatory prepayment is 50%, 25% or 0% for excess cash flow periods, depending upon the first lien leverage ratio.

The Term Loan Facility contains (i) certain customary affirmative covenants that, among other things, require compliance with applicable laws, periodic financial reporting and notices of material events, payment of taxes and other obligations, maintenance of property and insurance, and provision of additional guarantees and collateral, and (ii) certain customary negative covenants that, among other things, restrict the incurrence of additional indebtedness, liens on property, sale and leaseback transactions, investments, mergers, consolidations, liquidations and dissolutions, asset sales, acquisitions, the payment of distributions, dividends, redemptions and repurchases of equity interests, transactions with affiliates, prepayments and redemptions of certain other indebtedness, burdensome agreements, holding company limitations, changes in fiscal year and modifications of organizational documents. As of December 31, 2021, the Company was in compliance with all covenants contained in the Term Loan Facility.

ABL Facility

The Company has a senior secured asset-based revolving line of credit (the ABL Facility) under a credit agreement (as amended, restated, supplemented or otherwise modified from time to time, the ABL Credit Agreement) with PNC Bank, National Association, as administrative agent and the lenders party thereto (the ABL Agent).

On April 29, 2021, the Company, Daseke Companies, Inc., a wholly-owned subsidiary of the Company, and the Company's other domestic subsidiaries party thereto (together with Daseke Companies, Inc., the ABL Borrowers) entered into the Fifth Amendment to the Fifth Amended and Restated Revolving Credit and Security Agreement (the ABL Amendment) with the financial institutions party thereto as lenders and the ABL Agent, which amends certain terms of the ABL Credit Agreement.

Principally, the ABL Amendment extended the scheduled maturity date of the ABL Facility from February 27, 2025 to April 29, 2026. The ABL Amendment also, among other things, (a) increased the Maximum Revolving Advance Amount (as defined therein) from $100 million to $150 million, (b) provides that the Maximum Revolving Advance Amount may be increased further from $150 million to $200 million (the ABL Amendment did not result in such an increase), (c) removed the ABL Borrowers' total leverage financial covenant, which had been tested on a quarterly basis and (d) provided additional covenant flexibility in the form of increased debt, lien, investment, disposition and restricted payment baskets.

The ABL Facility also provides for the issuance of letters of credit subject to certain restrictions and a sublimit of $40 million. As of December 31, 2021, the Company had no borrowings, $23.3 million in letters of credit outstanding, and could incur approximately $107.8 million of additional indebtedness under the ABL Facility, based on current qualified collateral.

At December 31, 2021, the interest rate on the ABL Facility was 3.75%. Margins on the ABL Facility are adjusted, if necessary, to the applicable rates set forth in the following table corresponding to the average RLOC Utilization for the trailing 12 month period on the last day of the most recently completed fiscal quarter. RLOC Utilization at a particular date shall mean an amount equal to (a)(i) outstanding amount of Revolving Advances plus (ii) the outstanding amount of the Swing Loans plus (iii) the aggregate Maximum Undrawn Amount of all outstanding Letters of Credit, divided by (b) Maximum Revolving Advance Amount.

RLOC Utilization	Base Rate Margins	LIBOR Rate Margins
Less than 33.3%	0.50%	1.50%
Greater than or equal to 33.3%, but less than 66.6%	0.75%	1.75%
Greater than or equal to 66.6%	1.00%	2.00%

The ABL Facility is secured by substantially all assets of the Company, including substantially all of the Company's U.S.-based accounts receivable, parts supplies, cash and cash equivalents, securities and deposit accounts and other personal property, but excluding those assets collateralizing certain equipment and real estate debt and other customary exceptions.

The ABL Facility contains a financial covenant such that during any period after a default or event of default or after excess availability falling below 12.5% of the maximum credit amount, continuing until such time as no default or event of default has existed and excess availability has exceeded such amounts for a period of 60 consecutive days, a financial covenant requiring the Company to satisfy a minimum consolidated fixed charge coverage ratio of 1.00x, tested on a quarterly basis. The Company's fixed charge coverage ratio is defined as the ratio of (1) consolidated EBITDA minus unfinanced capital expenditures, cash taxes and cash dividends or distributions, to (2) the sum of all funded debt payments for the four-quarter period then ending (with customary add-backs permitted to consolidated EBITDA).

The ABL Facility contains affirmative and negative covenants similar to those in the Term Loan Facility, together with such additional terms as are customary for a senior secured asset-based revolving credit facility.

As of December 31, 2021, the Company was in compliance with all covenants contained in the ABL Facility.

Equipment and Real Estate Loans

As of December 31, 2021, the Company had term loans collateralized by equipment in the aggregate amount of $166.7 million with 15 lenders (Equipment Term Loans). The Equipment Term Loans bear interest at rates ranging from 2.6% to 6.0%, require monthly payments of principal and interest and mature at various dates through July 2027. As of December 31, 2021, the weighted average interest rate was 3.9%. Certain of the Equipment Term Loans contain conditions, covenants, representations and warranties, events of default, and indemnification provisions applicable to the Company and certain of its subsidiaries that are customary for equipment financings, including,

but not limited to, limitations on the incurrence of additional debt and the prepayment of existing indebtedness, certain payments (including dividends and other distributions to persons not party to its credit facility) and transfers of assets.

As of December 31, 2021, the Company has a bank mortgage loan with a balance of $2.3 million incurred to finance the construction of the headquarters and terminal in Redmond, Oregon. The mortgage loan is collateralized by such property and buildings. The mortgage is payable in monthly installments of approximately $15 thousand, including interest at 3.7%, and a balloon payment of approximately $2.1 million at maturity date. The bank mortgage loan matures November 1, 2023.

Finance Leases

The Company leases certain equipment under long-term finance lease agreements that expire on various dates through July 2026. See Note 2 for information on finance leases.

Future principal payments on long-term debt (excluding future payments on finance leases which are disclosed in Note 2) are as follows (in millions):

Year ending December 31,	Term Loan Facility	Equipment and Real Estate Loans	Total
2022	$ 4.0	$ 43.5	$ 47.5
2023	4.0	45.6	49.6
2024	4.0	37.8	41.8
2025	4.0	25.6	29.6
2026	4.0	16.1	20.1
Thereafter	377.0	0.4	377.4
Total long-term debt	$ 397.0	$ 169.0	$ 566.0

NOTE 9 – INCOME TAXES

The components of the Company's United States and foreign provision for income taxes were as follows for the years ended December 31 (in millions):

	2021	2020
Current:		
Federal	$ 4.6	$ 0.6
State	5.4	(1.7)
Foreign	0.9	0.8
Total current taxes	10.9	(0.3)
Deferred:		
Federal	11.0	0.1
State	3.4	(0.5)
Foreign	0.7	0.5
Total deferred taxes	15.1	0.1
Income tax expense (benefit)	$ 26.0	$ (0.2)

A reconciliation between the effective income tax rate and the United States statutory income tax rate were as follows for the years ended December 31 (in millions):

	2021	2020
Income tax expense at United States statutory income tax rate	$ 17.2	$ 0.8
Federal income tax effects of:		
State income tax expense, net of federal benefit	6.9	(1.6)
Foreign tax rate differential	0.3	0.1
Per diem and other nondeductible expenses	(0.1)	0.8
Nondeductible officer compensation	1.8	0.6
Arbitrated decrease in contingent consideration	—	(2.9)
Change in valuation allowance	—	0.6
Change in fair value of warrant liability	(0.3)	0.5
Tax credits	(0.1)	(0.1)
Other	0.3	1.0
Income tax expense (benefit)	$ 26.0	$ (0.2)
Effective tax rate	31.7%	(5.1)%

The increase in the effective tax rate for the year ended December 31, 2021 compared to the year ended December 31, 2020 is primarily due to the significant increase in pre-tax book income. In addition, the individual impact of permanent differences, which consisted of one-time benefits related to state income taxes and the arbitrated decrease in contingent consideration for the year ended December 31, 2020, did not have a significant impact to the effective tax rate for 2021.

The effects of temporary differences that give rise to significant elements of deferred tax assets and liabilities were as follows at December 31 (in millions):

	2021	2020
Deferred tax assets		
Accrued expenses	$ 4.2	$ 7.4
Vacation accrual	0.7	0.6
Accounts receivable	0.6	0.9
Net operating losses	12.3	24.4
Deferred start-up costs	1.2	1.2
Stock based compensation	2.6	2.0
Operating lease liabilities	28.5	30.3
	50.1	66.8
Valuation allowance	(10.5)	(10.5)
Total deferred tax assets	39.6	56.3
Deferred tax liabilities		
Prepaid expenses	(4.1)	(4.8)
Intangible assets	(17.4)	(17.6)
Property and equipment	(76.0)	(75.6)
Right of use asset	(27.2)	(28.3)
Total deferred tax liabilities	(124.7)	(126.3)
Net deferred tax liability	$ (85.1)	$ (70.0)

As of December 31, 2021 and 2020, the Company's valuation allowance against a portion of its foreign deferred tax assets that, in the judgment of management, are not more-likely-than-not to be realized was $10.5 million. In assessing the realizability of deferred tax assets, management considers whether it is more-likely-than-not that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets depends upon future reversal of taxable and deductible temporary differences, the generation of future taxable income, and the feasibility of ongoing tax planning strategies during the periods in which those temporary differences are deductible.

At December 31, 2021, the Company does not have any U.S. federal net operating loss carry forwards. On an after-tax basis, the Company has state and foreign net operating losses of $0.6 million and $11.7 million, respectively. These loss carryforwards begin expiring in 2023.

The Company had no uncertain tax positions as of December 31, 2021 and 2020. The Company is no longer subject to United States federal income tax examinations by tax authorities for years before 2018; however, federal net operating loss carry forwards from years prior to 2018 remain subject to review and adjustment by tax authorities. The Company is no longer subject to state and foreign income tax examinations by tax authorities for years before 2017; however, foreign net operating loss carryforwards from years prior to 2017 remain subject to review and adjustment by tax authorities.

NOTE 10 – RELATED PARTY TRANSACTIONS

Related Party Leases

The Company leases certain office facilities, terminals and revenue equipment from entities owned or partially owned by stockholders or employees on operating leases. Total lease expense related to these leases was $1.9 million and $2.9 million for the years ended December 31, 2021 and 2020, respectively. Future minimum lease payments under non-cancelable related party operating leases are as follows (in millions):

Year ending December 31,	Office and Terminals
2022	$ 1.4
2023	1.4
2024	1.4
2025	1.3
2026	1.3
Thereafter	1.6
Total	$ 8.4

Other Related Party Transactions

An employee and stockholder has a 1% investment in an entity that is also a Company vendor. Total amounts paid to this vendor for product and subscription purchases were approximately $0.3 million and $0.4 million for the years ended December 31, 2021 and 2020, respectively. There were no amounts due to the vendor as of December 31, 2021 and 2020.

The Company does business with an entity in which two employees, who are also stockholders, are minority owners. Revenue received from this customer totaled approximately $0.4 million and $0.2 million for the years ended December 31, 2021 and 2020, respectively. Accounts receivable due from this entity totaled approximately $11.0 thousand and $16.0 thousand as of December 31, 2021 and 2020, respectively.

Additionally, the Company does business with a carrier owned by a retired employee's (also a stockholder) spouse. Revenue received from this carrier totaled approximately $2.5 million and $0.1 million for the years ended December 31, 2021 and 2020. Accounts receivable due from this entity totaled approximately $64.0 thousand and $37.0 thousand as of December 31, 2021 and 2020.

NOTE 11 – STOCKHOLDERS' EQUITY

Common Stock

Common stock has voting rights – one vote for each share of common stock.

On December 23, 2020, the Company entered into a board representation agreement with Lyons Capital, LLC, and a board agreement with The Walden Group, Inc. and Don R. Daseke. These agreements outline specifics as to how those parties will vote their shares of common stock at any Stockholder's Meeting. The agreement with Mr. Daseke also includes the agreement of the Company to initiate a share repurchase program for a minimum of 3,000,000 shares of common stock. Both agreements include certain standstill restrictions.

As of December 31, 2021, the Company has 1.2 million shares of common stock reserved for future issuances of equity awards under the Company's 2017 Omnibus Incentive Plan. See Note 12 for additional details about the Company's stock-based compensation plan.

On March 22, 2021, the Company's Board of Directors authorized the repurchase of up to 3,000,000 shares of the Company's common stock. Shares are effectively retired at the time of purchase. During 2021, the Company repurchased and retired all 3,000,000 shares, at an aggregate cost of $20.4 million, and accordingly, no additional shares may be repurchased under this Stock Repurchase Program.

Preferred Stock

On February 27, 2017, the Company issued 650,000 shares of Series A Preferred Stock for cash of $65.0 million. The par value of Series A Preferred Stock is $0.0001 per share. Additional features of this preferred stock are as follows:

Under the Certificate of Designations, Preferences, Rights and Limitations of the Series A Preferred Stock (the Certificate of Designations), each share of Series A Preferred Stock will be convertible, at the holder's option at any time, initially into approximately 8.6957 shares of the Company's common stock (assuming a conversion price of approximately $11.50 per share), subject to specified adjustments as set forth in the Certificate of Designations. If any holder elects to convert its Series A Preferred Stock after the seven-year anniversary of the issue date, if the then-current Conversion Price (as defined in the Certificate of Designations) exceeds the Weighted Average Price (as defined in the Certificate of Designations) for the common stock during any ten consecutive Trading Days (as defined in the Certificate of Designations), at its option by delivery of a Notice of Conversion in accordance with Section 8(b) of the Certificate of Designations no later than five business days following such tenth consecutive Trading Day, to convert any or all of such holder's shares of Series A Preferred Stock into, at the Company's sole discretion, either common stock, cash or a combination of common stock and cash; provided, that the Company shall provide such converting holder notice of its election within two Trading Days of receipt of the Notice of Conversion; provided further, that in the event the Company elects to issue common stock for all or a portion of such conversion, the Conversion Rate for such conversion (subject to the limitations set forth in Section 11 of the Certificate of Designations) shall mean the quotient of the Liquidation Preference (as defined in the Certificate of Designations) divided by the average Weighted Average Price for the common stock during the 20 consecutive Trading Days commencing on the Trading Day immediately following the Trading Day on which the Company provided such notice. If the Company does not elect a settlement method prior to the deadline set forth in the Certificate of Designations, the Company shall be deemed to have elected to settle the conversion entirely in common stock. Based on the assumed conversion rate, a total of 5,652,173 shares of Common Stock would be issuable upon conversion of all of the currently outstanding shares of Series A Preferred Stock.

On or after the third anniversary of the initial issuance date but prior to the fifth anniversary of the initial issuance date, the Company will have the right, at its option, to give notice of its election to cause all outstanding shares of the Series A Preferred Stock to be automatically converted into shares of the Company's common stock at the then-effective conversion rate, if the Weighted Average Price of Company's common stock equals or exceeds 140% of the then-current conversion price for at least 20 trading days (whether or not consecutive) in a period of 30 consecutive trading days. On or after the fifth anniversary of the initial issuance date but prior to the seventh anniversary of the initial issuance date, the Company will have the right, at its option, to give notice of its election to cause all outstanding shares of the Series A Preferred Stock to be automatically converted into shares of Company's common stock at the then-effective conversion rate, if the Weighted Average Price of Company's common stock equals or exceeds 115% of the then-current conversion price for at least 20 trading days (whether or not consecutive) in a period of 30 consecutive trading days. On or after the seventh anniversary of the initial issuance date, the Company will have the right, at its option, to give notice of its election to cause all outstanding shares of the Series A Preferred Stock to be automatically converted into shares of Company's common stock at the then-effective conversion rate, if the Weighted Average Price of Company's common stock equals or exceeds the then-current conversion price for at least 10 consecutive trading days. If the Company undergoes certain fundamental changes (as more fully described in the Certificate of Designations but including, among other things, certain change-in-control transactions, recapitalizations, asset sales and liquidation events), each outstanding share of Series A Preferred Stock may, within 15 days following the effective date of such fundamental change and at the election of the holder, be converted into Company's common stock at a conversion rate (subject to certain adjustments) equal to (i) the greater of (A) the sum of the conversion rate on the effective date of such fundamental change plus the additional shares received by holders of Series A Preferred Stock following such fundamental change (as set forth in the Certificate of Designations) and (B) the quotient of (x) $100.00, divided by (y) the greater of (1) the applicable holder stock price and (2) 66 2/3% of the closing sale price of the Company's common stock on the issue date plus (ii) the number of shares of Company's common stock that would be issued if any and all accumulated and unpaid dividends were paid in shares of Company's common stock.

The Series A Preferred Stock contains limitations that prevent the holders thereof from acquiring shares of the Company's common stock upon conversion that would result in (i) the number of shares beneficially owned by such holder and its affiliates exceeding 9.99% of the total number of shares of the Company's common stock then outstanding or (ii) the Series A Preferred Stock being converted into more than 19.99% of the shares of the Company's common stock outstanding on the initial issue date of the Series A Preferred Stock (subject to appropriate adjustment in the event of a stock split, stock dividend, combination or other similar recapitalization) without, in the latter instance, stockholder approval of such issuance.

Additional features of the Series A Preferred Stock are as follows:

a. Liquidation – In the event of liquidation, holders of Series A Preferred Stock have preferential rights to liquidation payments over holders of common stock. Holders of Series A Preferred Stock shall be paid out of the assets of the Company at an amount equal to $100 per share plus all accumulated and unpaid dividends.

b. Dividends – Dividends on the Series A Preferred Stock are cumulative at the Dividend Rate. The "Dividend Rate" is the rate per annum of 7.625% per share of Series A Preferred Stock on the liquidation preference ($100 per share). Dividends are payable quarterly in arrears in cash or, at the Company's election and subject to the receipt of the necessary shareholder approval (to the extent necessary), in shares of the Company's common stock. In each of the four quarters of 2020 and 2021, the Company's board of directors declared and the Company paid a cash dividend of $1.91 per share.

c. Voting rights – Except as required by Delaware law, holders of the Series A Preferred Stock will have no voting rights except with respect to the approval of any material and adverse amendment to the Company's certificate of incorporation, and certain significant holders of Series A Preferred Stock may have approval rights with respect to certain key economic terms of the Series A Preferred Stock, as set forth in the Certificate of Designations.

Warrants

The Company issued 19,959,902 warrants (the "Public Warrants") to purchase its common stock as part of Hennessy Capital Acquisition Corp. II's initial public offering ("IPO"). The Company also issued 15,080,756 warrants (the "Private Placement Warrants") to the sponsor in a private placement that closed simultaneously with the consummation of the IPO. At December 31, 2021, there were a total of 35,040,646 warrants outstanding to purchase 17,520,323 shares of the Company's common stock.

Each warrant entitles the registered holder to purchase one-half of one share of the Company's common stock at a price of $5.75 per one-half of one share ($11.50 per whole share), subject to adjustment. The warrants may be exercised only for a whole number of shares of the Company's common stock. No fractional shares will be issued upon exercise of the warrants. The warrants will expire on February 27, 2022, or earlier upon redemption or liquidation. The Public Warrants are listed on the NASDAQ market under the symbol DSKEW. The Company accounts for these warrants as liabilities at fair value on the balance sheet. The warrants are subject to remeasurement at each balance sheet date and any change in fair value is recognized as a component of other income (expense), net on the statement of operations. The Company will continue to adjust the liability for changes in fair value until the earlier of the exercise or expiration of the common stock warrants. Upon exercise, the portion of the warrant liability related to the exercised common stock warrants will be reclassified to additional paid-in capital. The fair value of the Public Warrants is determined using the closing price of the warrants on the NASDAQ market. The fair value of the Private Placement Warrants is determined using the Black-Scholes option pricing formula. The primary unobservable input utilized in determining the fair value of the Private Warrants is the expected volatility. The expected volatility was estimated considering observable Daseke public warrant pricing, Daseke's own historical volatility and the volatility of guideline public companies. The fair value of the warrant liability was $4.7 million and $6.3 million as of December 31, 2021 and 2020, respectively.

The Company may call the Public Warrants for redemption at a price of $0.01 per warrant if, and only if, the reported last sale price of the Company's common stock equals or exceeds $24.00 per share for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date the Company sends the notice of redemption to the Public Warrant holders.

NOTE 12 – STOCK-BASED COMPENSATION

Under the 2017 Omnibus Incentive Plan (as amended from time to time, the Incentive Plan), the Company may grant awards of stock options, stock appreciation rights, restricted stock, restricted stock units, other stock-based awards and performance awards. On June 18, 2021, at the Company's 2021 annual meeting of stockholders, the Company's stockholders approved an amendment and restatement (the Restatement) of the Incentive Plan. The Restatement increased the number of shares that may be granted as awards thereunder by 4.0 million and extended the scheduled expiration date of the Incentive Plan from February 27, 2027 to June 18, 2031.

As of December 31, 2021, the Company has 1.2 million shares of common stock available for issuance under the Incentive Plan. Equity awards generally vest annually on a pro-rata basis over a three to five-year period on the anniversary of each grant date. The Company also grants awards to our directors under the Plan. The awards granted to directors typically vest ratably over periods of six months to five years annually on the anniversary of each grant date.

Aggregate stock-based compensation charges, net of forfeitures, were $8.6 million and $5.9 million for the years ended December 31, 2021 and 2020, respectively. These expenses are included as a component of salaries, wages and employee benefits on the accompanying consolidated statements of operations and comprehensive income.

Stock-based compensation cost with equity classification is measured at the grant date, based on the estimated fair value of the award, and is recognized on a straight-line basis as expense over the employees' requisite service period. Stock-based compensation cost with liability classification is recognized on a straight-line basis over the vesting period and revalued on each balance sheet date with the corresponding adjustment to stock-based compensation recorded in the consolidated statements of operations and comprehensive income. Forfeitures are recorded as a cumulative adjustment to stock-based compensation expense in the period forfeitures occur. As of December 31, 2021, there was $2.1 million, $4.5 million, and $17.6 million of unrecognized stock-based compensation expense related to stock options, restricted stock units (RSUs) and performance stock units (PSUs) (both equity and liability awards), respectively. This expense will be recognized over the weighted average periods of 1.3 years for stock options, 1.7 years for RSUs and 1.4 years for PSUs.

Stock Options

The following table summarizes stock option grants:

Grantee Type	# of Options Granted	Issued and Outstanding	Vesting Period	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value (Per Option)
Director Group	150,000	75,000	5 years	$ 9.98	$ 4.36
Employee Group	4,682,630	2,539,022	3-5 years	$ 6.11	$ 3.78
Total		2,614,022			

The Company's calculations of the fair value of stock options granted as equity classification during the year ended December 31, 2020 were made using the Black-Scholes option-pricing model. The fair value of the Company's stock option grants were estimated utilizing the following assumptions for the year ended December 31:

	2020
Weighted average expected life	6.0 years
Risk-free interest rates	0.39% to 0.47%
Expected volatility	41.0% to 42.5%
Expected dividend yield	0.00%

Since the Company does not have a sufficient history of exercise behavior, expected term is calculated using the assumption that the options will be exercised ratably from the date of vesting to the end of the contractual term for each vesting tranche of awards. The risk-free interest rate is based on the U.S. Treasury yield curve for the period of the expected term of the stock option. Expected volatility is calculated using an index of publicly traded peer companies.

A summary of option activity as of December 31, 2021, and the changes during the year ended December 31, 2021 are as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Terms (Years)	Aggregate Intrinsic Value (in millions)
Outstanding as of January 1, 2021	3,134,931	$ 6.19		
Granted	—	—		
Exercised	(157,545)	3.00		
Forfeited or expired	(363,364)	7.13		
Outstanding as of December 31, 2021	2,614,022	$ 6.23	6.8	$ 10.6
Exercisable as of December 31, 2021	1,540,797	$ 7.93	6.3	$ 3.7
Vested and expected to vest as of December 31, 2021	2,614,022	$ 6.23	6.8	$ 10.6

The stock options' maximum contract term is ten years. There were no options granted during the year ended December 31, 2021. The total weighted average fair value of options granted during the year ended December 31, 2020 was $4.6 million. The intrinsic value of options exercised for the year ended December 31, 2021 was $0.5 million. There were no options exercised during the year ended December 31, 2020.

The summary of the status of nonvested shares as of December 31, 2021, and the changes during the year ended December 31, 2021 are as follows:

	Shares	Weighted Average Grant Date Fair Value (Per Unit)
Nonvested at January 1, 2021	1,958,010	$ 3.46
Granted	—	—
Vested	(701,629)	3.53
Forfeited or expired	(183,156)	3.48
Nonvested at December 31, 2021	1,073,225	$ 3.41

Restricted Stock Units

RSUs are nontransferable until vested and the holders are entitled to receive dividends with respect to the non-vested units. Prior to vesting, the grantees of RSUs are not entitled to vote the shares. Restricted stock unit awards vest in equal annual increments over the vesting period.

The following table summarizes restricted stock unit grants under the Plan:

Grantee Type	# of Restricted Stock Units Granted	Issued and Outstanding	Vesting Period	Weighted Average Grant Date Fair Value (Per Unit)
Director Group	789,087	69,121	0.5-2 years	$ 8.62
Employee Group	2,231,136	604,709	3-5 years	$ 8.56
Total		673,830		

A summary of restricted stock unit awards activity under the Plan as of December 31, 2021, and the changes during the year ended December 31, 2021 are as follows:

	Units	Weighted Average Grant Date Fair Value (Per Unit)
Non-vested as of January 1, 2021	594,801	$ 5.72
Granted	557,572	8.21
Vested	(438,329)	4.09
Forfeited	(40,214)	10.37
Non-vested as of December 31, 2021	673,830	$ 8.56

The total weighted average fair value of RSUs granted during the years ended December 31, 2021 and 2020 was $4.6 million and $0.3 million, respectively. The total fair value of RSUs vested during the years ended December 31, 2021 and 2020 was $3.8 million and $2.4 million, respectively.

Performance Stock Units

As of December 31, 2021, the Company had 2,915,178 total PSUs outstanding. There are 1,495,000 PSUs classified as equity in which the vesting occurs upon the achievement of specific market-based conditions based on the performance of per share price of the Company's common stock and subject to final vesting based on the participant's continued employment through the end of the requisite service periods. The fair value of the equity-classified PSUs granted during the year ended December 31, 2020 was determined using a Monte Carlo probability model. The inputs and assumptions used to calculate the fair value were the term of 2.5 to 3.0 years, risk free interest rate of 0.21% to 0.26%, the expected volatility of 76.8% to 87.5%, and the expected dividend yield of 0.0%. Upon the Restatement of the Incentive Plan discussed above, there were 994,100 PSUs previously classified as liabilities that were reclassified to equity during the year ended December 31, 2021 based on the fair value as of that date. The fair value of the PSUs that were reclassified to equity during the year ended December 31, 2021 was determined using a Monte Carlo probability model. The inputs and assumptions used to calculate the fair value were the term of 1.9 to 2.3 years, risk free interest rate of 0.22% to 0.27%, the expected volatility of 96.9% to 104.4%, and the expected dividend yield of 0.0%. As of December 31, 2021, the market-based conditions for these 1,495,000 PSUs have been achieved.

There are 395,178 PSUs classified as liabilities in which the vesting occurs upon the achievement of specific performance-based conditions related to the Company's financial performance over a three year period, modified based on the Company's Relative Total Shareholder Return (TSR) and subject to final vesting based on the participant's continued employment through the end of the requisite service periods. The ultimate amount to vest may be downwardly adjusted by the Compensation Committee if the TSR is negative. The amount of awards that will ultimately vest for these 395,178 PSUs can range from 0% to 200% based on the TSR calculated over a three year period beginning January 1 of the year each grant was made. The Company currently expects that these PSUs will vest at 133%. The fair value of these PSUs will be remeasured at each period-end until the earlier of the date they are reclassified to equity or the vesting date. The inputs and assumptions used to calculate the fair value were the term of 2.0 years, risk free interest rate of 0.38%, the expected volatility of 93.80%, and the expected dividend yield of 0.0%.

There are 250,000 PSUs classified as equity in which the vesting occurs upon the achievement of specific performance-based conditions related to the Company's financial performance over a two year period and subject to final vesting based on the participant's continued employment through the end of the requisite service periods. The fair value of these PSUs is equal to the market value of the common stock on the grant date.

In addition, there are 775,000 PSUs classified as liabilities in which the vesting occurs upon the achievement of specific performance-based conditions related to the Company's financial performance over a two year period, subject to various subjective individual performance goals and subject to final vesting based on the participant's continued employment through the end of the requisite service periods. The fair value of these PSUs will be remeasured at each period-end until the earlier of the date they are reclassified to equity or the vesting date. The fair value is equal to the market value of the common stock at each period-end.

The compensation cost for all PSUs is recognized ratably over the requisite service period for the awards that are determined probable to vest. A summary of equity-classified performance stock unit awards activity for as of December 31, 2021, and the changes during the year ended December 31, 2021 are as follows:

	Units	Weighted Average Grant Date Fair Value (Per Unit)
Non-vested equity-classified as of January 1, 2021	722,000	$ 1.51
Granted	250,000	9.53
Reclassified from liability to equity	994,100	6.56
Vested	—	—
Forfeited	(221,100)	6.30
Non-vested equity-classified as of December 31, 2021	1,745,000	$ 4.93

The total weighted average fair value of equity-classified PSUs granted or reclassified from liability to equity during the years ended December 31, 2021 and 2020 was $8.9 million and $1.1 million, respectively.

As discussed earlier, as of December 31, 2021, there were also 1,170,178 PSUs classified as liabilities as a result of subjectivity in the vesting conditions. As of December 31, 2021, the total fair value of those liability-classified awards was approximately $13.7 million, of which $1.5 million was recorded as a liability within other non-current liabilities on the consolidated balance sheet. This liability will be remeasured at each period-end until the vesting date or the date it becomes reclassified to equity.

NOTE 13 – DEFINED CONTRIBUTION PLAN

The Company sponsors the Daseke, Inc. 401(k) Retirement Plan (the Retirement Plan). The Retirement Plan is a defined contribution plan and intended to qualify under the Internal Revenue Code provisions of Section 401(k). Under the safe harbor matching requirements, the Company made contributions to the Retirement Plan of $5.7 million and $5.4 million for the years ended December 31, 2021 and 2020, respectively.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Letters of Credit

The Company had outstanding letters of credit at December 31, 2021 and 2020 totaling approximately $25.7 million and $18.1 million, respectively, including those disclosed in Note 8. These letters of credit are related to liability and workers' compensation insurance claims.

Contingencies

The Company is involved in certain claims and pending litigation arising in the normal course of business. These proceedings primarily involve claims for personal injury or property damage incurred in the transportation of freight or for personnel matters. The Company maintains liability insurance to cover liabilities arising from these matters but is responsible to pay self-insurance and deductibles on such matters up to a certain threshold before the insurance is applied.

NOTE 15 – REPORTABLE SEGMENTS

The Company evaluates the performance of the segments primarily based on their respective revenues and operating income. Accordingly, interest expense and other non-operating items are not reported in segment results. In addition, the Company has disclosed a corporate segment, which is not an operating segment and includes acquisition transaction expenses, corporate salaries, interest expense and other corporate administrative expenses and intersegment eliminations. In addition, the corporate segment, from time to time when advantageous to do so, purchases and resells certain revenue equipment. During the year ended December 31, 2021, the Company purchased $22.2 million in revenue equipment, which it resold for $24.8 million. During the year ended December 31, 2020, the Company purchased $6.8 million in revenue equipment, which it resold for $8.3 million. This resulted in gains of $2.6 million and $1.5 million for the years ended December 31, 2021 and 2020, respectively, and was recognized within 'Gain on disposition of property and equipment' on the consolidated statements of operations.

The Company's operating segments also provide transportation and related services for one another. Such services are generally billed at cost, and no profit is earned. Such intersegment revenues and expenses are eliminated in the Company's consolidated results. Intersegment revenues and expenses totaled $4.8 million and $6.5 million for the Flatbed Solutions segment for the years ended December 31, 2021 and 2020, respectively. Intersegment revenues and expenses totaled $7.4 million and $12.0 million for the Specialized Solutions segment for the years ended December 31, 2021 and 2020, respectively.

The following table reflects certain financial data of the Company's reportable segments for the years ended December 31, 2021 and 2020 (in millions):

	Flatbed Solutions Segment	Specialized Solutions Segment	Corporate/ Eliminations	Consolidated Totals
Year Ended December 31, 2021				
Total revenue	$ 694.7	$ 874.0	$ (11.9)	$ 1,556.8
Company freight	178.7	460.0	(9.0)	629.7
Owner operator freight	330.1	158.6	(2.2)	486.5
Brokerage	112.3	157.1	(0.4)	269.0
Logistics	4.7	34.1	0.4	39.2
Fuel surcharge	68.9	64.2	(0.7)	132.4
Operating income (loss)	72.6	85.8	(45.6)	112.8
Depreciation	32.1	47.9	1.2	81.2
Amortization of intangible assets	3.0	3.9	—	6.9
Restructuring	—	0.3	—	0.3
Non-cash operating lease expense	0.9	(0.1)	—	0.8
Interest expense	4.3	5.8	23.4	33.5
Income (loss) before income tax	54.3	63.8	(36.1)	82.0
Total assets	336.9	601.1	149.4	1,087.4
Capital expenditures	27.8	67.7	22.9	118.4
Year Ended December 31, 2020				
Total revenue	$ 578.9	$ 893.7	$ (18.5)	$ 1,454.1
Company freight	191.2	495.6	(10.0)	676.8
Owner operator freight	262.1	152.5	(5.7)	408.9
Brokerage	70.3	165.6	(1.6)	234.3
Logistics	2.9	34.5	—	37.4
Fuel surcharge	52.4	45.5	(1.2)	96.7
Operating income (loss)	32.6	53.3	(50.5)	35.4
Depreciation	35.1	55.1	0.9	91.1
Amortization of intangible assets	3.2	4.0	—	7.2
Impairment	2.0	13.4	—	15.4
Restructuring	0.6	8.8	0.1	9.5
Non-cash operating lease expense	(0.3)	(7.7)	—	(8.0)
Interest expense	9.5	11.4	24.0	44.9
Income (loss) before income tax	7.2	32.0	(35.3)	3.9
Total assets	326.1	596.5	204.3	1,126.9
Capital expenditures	30.3	57.6	7.6	95.5

NOTE 16 – EARNINGS (LOSS) PER SHARE

ASC Topic 260, *Earnings Per Share*, provides that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. The Company's outstanding non-vested restricted stock units are participating securities unless there is a net loss attributable to common stockholders. Accordingly, earnings per common share are computed using the two-class method.

Basic earnings per common share is calculated by dividing net income available to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the Company's earnings.

For the year ended December 31, 2021, shares of the Company's 7.625% Series A Convertible Cumulative Preferred Stock (Series A Preferred Stock) were not included in the computation of diluted loss per share as their effects were anti-dilutive. For the year ended December 31, 2020, shares of the Company's 7.625% Series A Convertible Cumulative Preferred Stock (Series A Preferred Stock) and shares of the Company's outstanding stock options and performance share units were not included in the computation of diluted loss per share as their effects were anti-dilutive.

The following table sets forth the computation of basic and diluted earnings per share under the two-class method:

(In millions except denominator and per share data)	Year Ended December 31, 2021	2020
Numerator		
Net income	$ 56.0	$ 4.1
Less Series A preferred dividends	(5.0)	(4.9)
Net income (loss) attributable to common stockholders	51.0	(0.8)
Allocation of earnings to non-vested participating restricted stock units	(0.4)	—
Numerator for basic EPS - income (loss) available to common stockholders - two class method	$ 50.6	$ (0.8)
Effect of dilutive securities:		
Add back Series A preferred dividends	$ —	$ —
Add back allocation earnings to participating securities	0.4	—
Reallocation of earnings to participating securities considering potentially dilutive securities	(0.4)	—
Numerator for diluted EPS - income (loss) available to common shareholders - two class method	$ 50.6	$ (0.8)
Denominator		
Denominator for basic EPS - weighted-average shares	63,744,456	64,775,275
Effect of dilutive securities:		
Stock options and performance share units	1,664,802	—
Convertible preferred stock	—	—
Denominator for diluted EPS - weighted-average shares	65,409,258	64,775,275
Basic earnings (loss) per share	$ 0.79	$ (0.01)
Diluted earnings (loss) per share	$ 0.77	$ (0.01)

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

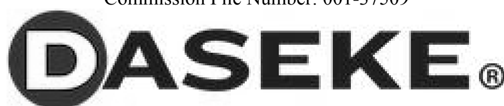
Form 10-K/A
Amendment No. 1

(Mark One)

☑ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2021.**

☐ **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: 001-37509



DASEKE, INC.
(Exact name of registrant as specified in its charter)

Delaware	**47-3913221**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
15455 Dallas Parkway, Suite 550 **Addison, Texas**	**75001**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code
(972) 248-0412

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	DSKE	The NASDAQ Capital Market
Warrants, each exercisable for one half of a share of Common Stock at an exercise price of $5.75 per half share	*	*

* On February 23, 2022, NASDAQ Stock Market LLC filed a Form 25 with the Securities and Exchange Commission (the "SEC") to delist Daseke, Inc.'s warrants from NASDAQ due to the expiration of the warrants on February 27, 2022; each warrant not exercised on or before the expiration date became void. The deregistration of the warrants under Section 12(b) of the Securities Exchange Act of 1934, as amended, will be effective 90 days, or such shorter period as the SEC may determine, after the filing of the Form 25.

Securities registered pursuant to Section 12(g) of the 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) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

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

Large accelerated filer ☐	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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

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 voting and non-voting common stock held by non-affiliates of the registrant, computed by reference to the last sales price as reported on the NASDAQ Capital Market as of June 30, 2021, the last business day of the registrant's most recently completed second fiscal quarter, was $291.8 million.

62,566,133 shares of common stock were outstanding as of February 18, 2022.

DOCUMENTS INCORPORATED BY REFERENCE

None.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (this "Amendment No. 1") amends our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "Original Report"), filed with the Securities and Exchange Commission (the "SEC") on February 23, 2022 (the "Original Filing Date"). The sole purpose of this Amendment No. 1 is to include the information required by Items 10 through 14 of Part III of Form 10-K. This information was previously omitted from the Original Report in reliance on General Instruction G(3) to Form 10-K, which permits the information in the above referenced items to be incorporated in the Form 10-K by reference from our definitive proxy statement if such statement is filed no later than 120 days after our fiscal year-end. We are filing this Amendment No. 1 to include Part III information in our Form 10-K because we will not file a definitive proxy statement containing such information within 120 days after the end of the fiscal year covered by the Original Report. The reference on the cover of the Original Report to the incorporation by reference to portions of our definitive proxy statement into Part III of the Original Report is hereby deleted.

In accordance with Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Part III, Items 10 through 14 and Part IV, Item 15 of the Original Report are hereby amended and restated in their entirety. This Amendment No. 1 does not amend, update or otherwise change any other information in the Original Report and does not purport to reflect any information or events subsequent to the Original Filing Date. Accordingly, this Amendment No. 1 should be read in conjunction with our filings made with the SEC subsequent to the filing of the Original Report, including any amendment to those filings.

Pursuant to Rule 12b-15 under the Exchange Act, this Amendment No. 1 also contains new certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, which are attached hereto. Because no financial statements are included in this Amendment No. 1 and this Amendment No. 1 does not contain or amend any disclosure with respect to Items 307 and 308 of Regulation S-K, paragraphs 3, 4 and 5 of the certifications have been omitted.

Unless expressly indicated or the context requires otherwise, the terms "Daseke," the "Company," "we," "us" and "our" in this document refer to Daseke, Inc., a Delaware corporation, and, where appropriate, its wholly owned subsidiaries.

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Part III

Item 10. Directors, Executive Officers and Corporate Governance

Directors

The directors of the Company are as follows:

Name	Position	Age	Year Served Since
Charles “Chuck” F. Serianni	Chairman of the Board and Independent Director	60	2019
Brian Bonner	Independent Director	66	2015
Don R. Daseke	Director and Chairman Emeritus	82	2008
Catharine Ellingsen	Independent Director	58	2021
Grant Garbers	Independent Director	59	2021
Melendy Lovett	Independent Director	64	2022
Jonathan Shepko	Chief Executive Officer and Director	44	2017
Ena Williams	Independent Director	53	2019

Charles “Chuck” F. Serianni has served as a member of the Company’s Board of Directors (the “Board of Directors” or the “Board”) since May 2019 and as Chairman of the Board since June 2021. Mr. Serianni served as the Special Advisor to the CEO of Republic Services, Inc. (NYSE: RSG), a national provider of recycling, solid waste and environmental services (“Republic Services”), from June 2020 until his retirement in June 2021. Prior to that role, Mr. Serianni served Republic Services as the Executive Vice President, Chief Financial Officer from August 2014 to June 2020 and Vice President and Controller, West Region from July 2013 to August 2014. He also served Republic Services as Assistant Controller and progressed to Senior Vice President, Chief Accounting Officer of Republic Services during the period from June 1998 to July 2013 and as Accounting Operations Director of Republic Services (Auto Nation) from 1997 to 1998. Prior to his work with Republic Services, Mr. Serianni served as Accounting Operations Director for Sunglass Hut International, Inc. and as a Manager, Accounting and Auditing Services for Deloitte & Touche LLP, an international accounting firm. Mr. Serianni holds a bachelor’s degree in Accounting and Finance from the University of Dayton and he is a member of the American Institute of Certified Public Accountants. Mr. Serianni brings extensive experience in overseeing the strategic development of complex corporations, as well as experience overseeing effective cyber and technology systems and protocols. We believe his background and skill set make Mr. Serianni well-suited to serve as a member of the Board of Directors.

Brian Bonner has served as a member of the Board of Directors since February 2015. From August 2020 to June 2021, he served as Chairman of the Board, and from August 2019 to August 2020, he served as Executive Chairman. Previously, Mr. Bonner served as Vice President and Chief Information Officer of Texas Instruments, a publicly traded company, from January 2000 to May 2014. In this role, Mr. Bonner managed the company’s business processes and technology and was a member of the company’s strategy leadership team. Prior to being appointed Chief Information Officer, Mr. Bonner served Texas Instruments for over 33 years in a number of strategic leadership roles and positions in product management, worldwide marketing and acquisition integration. Mr. Bonner served as a member on the board of directors of Copper Mobile from June 2012 through October 2015 and is currently an advisory board member for Southern Methodist University’s Computer & Electrical Engineering Department. Mr. Bonner also served as an advisory board member for Gemini Israel Funds from June 2004 to May 2015. Mr. Bonner holds an M.B.A. in Marketing and Finance from the Fuqua School of Business at Duke University, an MSEE and BSEE from the University of Michigan, and a B.A. in Physics from Kalamazoo College. He received the Minority & Women Business Development Award from Texas Instruments, the Transformational CIO Award from HMG Strategies and the Most Innovative User of Technology from Information Week Magazine. We believe his background and skill set make Mr. Bonner well-suited to serve as a member of the Board of Directors.

Don R. Daseke has served as a member of the Board of Directors since he founded the Company (formerly named Walden Smokey Point, Inc.) in November 2008. From November 2008 until his retirement in August 2019, when he was appointed as the Company's Chairman Emeritus, Mr. Daseke was the Company's Chief Executive Officer and Chairman of the Board of Directors. He also served as President of Daseke from November 2008 until January 2018. In addition, Mr. Daseke has served as the President and sole director on the board of directors of The Walden Group for more than 30 years. Mr. Daseke also has served as the chairman of the board of directors of both Liquid Motors, Inc. and East Teak Fine Hardwoods, Inc. since June 2005 and March 2006, respectively. Mr. Daseke has been active in the non-profit sector throughout his career, having served in leadership roles for a number of non-profit institutions, including the WaterTower Theatre, DePauw University, the Dallas Chapter of the World Presidents Organization and the Dallas Arboretum and Botanical Society. Additionally, Mr. Daseke currently serves on the Advisory Council for the Cattle Barons Ball in Dallas, Texas. From 2005 to 2009, Mr. Daseke was a Commissioner on the Planning and Zoning Commission for Addison, Texas, and in May 2009, he was elected to a two-year term on the Addison Town Council. Mr. Daseke served as Mayor Pro Tempore of Addison, Texas in 2010. Mr. Daseke was the Regional Winner of the Ernst & Young Entrepreneur of the Year Award in 2014, and in April 2018, he was inducted into the Horatio Alger Association for Distinguished Americans. Mr. Daseke holds a B.A. from DePauw University and an M.B.A. from the University of Chicago, Graduate School of Business, and completed the Presidents Program in Leadership from the Harvard Business School. Mr. Daseke is a Certified Public Accountant (retired). We believe his background and skill set make Mr. Daseke well-suited to serve as a member of the Board of Directors.

Catharine Ellingsen has served as a member of the Board of Directors since April 2021. Ms. Ellingsen has been the Executive Vice President, Chief Legal Officer, Chief Ethics & Compliance Officer, Corporate Secretary of Republic Services, a national provider of recycling, solid waste and other environmental services, since June 2016. In such capacity, she oversees Legal Services, Board and Corporate Governance, Ethics and Compliance, Enterprise Risk Management, Labor Relations, Corporate Security, Business Continuity, Real Estate and Facilities Management. Additionally, Ms. Ellingsen is Chair of the Republic Services MOSAIC Council for inclusion and diversity, Executive Sponsor of the Women of Republic Business Resource Group and a Director of the Republic Services Charitable Foundation. She previously served Republic Services as SVP, Human Resources from 2011 to June 2016 and VP, Deputy General Counsel from 2008 to 2011. Prior to that, Ms. Ellingsen served Allied Waste Industries, Inc. in a variety of roles, including VP, Deputy General Counsel and Director, Labor Relations, and practiced law at the law firms of Steptoe & Johnson LLP and Bryan Cave LLP. Since 2011, Ms. Ellingsen has served on the board of directors of Nebraska Distributing Company, including as chairperson since 2016, and since 2008, she has served on the board of directors of Bunker Hill Group. Ms. Ellingsen holds a B.A. from Wheaton College and a J.D. from Washington College of Law, The American University. She also attended the Advanced Human Resources Executive Program at the University of Michigan, Ross School of Business. We believe her background and skill set make Ms. Ellingsen well-suited to serve as a member of the Board of Directors.

Grant Garbers has served as a member of the Board of Directors since January 2021. Mr. Garbers has been a Managing Director of Harrison Co., a middle-market investment banking firm, since June 2020, where he is responsible for sourcing merger and acquisition opportunities as well as advising on the transaction strategy, company positioning, buyer rationale, financing risks, transaction structure, and valuation and the purchase documents in conjunction with legal counsel. Before that, Mr. Garbers spent the past 13 years with Capstone Headwaters and its predecessor company Headwaters MB as a Managing Director in its Industrial Technology Practice with the same responsibilities. Mr. Garbers has served both private and public companies across diverse industries such as transportation, medical, consumer products and industrial technology. Mr. Garbers started his career in risk management at Fred S. James before entering the financial services sector. Mr. Garbers served as an independent director of Roadmaster Group, Inc. from 2010 to December 2017 when it was acquired by the Company. Mr. Garbers holds a B.B.A. degree from The University of Georgia and completed the Mergers and Acquisitions Executive Education Program at the Wharton School of Business. We believe his background and skill set make Mr. Garbers well-suited to serve as a member of the Board of Directors.

Melendy Lovett has served as a member of the Board of Directors since January 2022. Ms. Lovett most recently served in executive roles at Trinity Industries, Inc. (NYSE: TRN), a publicly traded industrial and manufacturing company serving the rail transportation industry (“Trinity”), where she served as Senior Vice President and Chief Administrative Officer from March 2014 to February 2019 and again from April 2020 to June 2021 and as Senior Vice President and Chief Financial Officer from February 2019 to April 2020. Strategic projects she led at Trinity include corporate integration of its largest acquisition, the spin-off of its infrastructure business, a major organizational redesign following the spin-off and many technology upgrade implementations. Ms. Lovett also had operational responsibility for Trinity’s Railcar Leasing and Management Services Group as well as Trinity’s trucking and logistics business. Prior to her executive roles with Trinity, Ms. Lovett served the company as a director on the Audit Committee and as chairperson of the Human Resources Committee. Prior to joining Trinity, Ms. Lovett spent more than 20 years at Texas Instruments, holding roles that included Vice President of Human Resources where she was responsible for liaising with the board of directors on executive compensation, as well as 10 years as President of the company’s global education technology business. Ms. Lovett holds a bachelor’s degree in Management from Texas A&M University and a master’s degree in Accounting from the University of Texas at Dallas. She is a Certified Public Accountant in the state of Texas. Ms. Lovett was identified and recommended as a potential board candidate by a non-management director of the Company in light of her skills and experience and the Company’s needs, which included the desire for an additional financial expert. We believe her background and skill set make Ms. Lovett well-suited to serve as a member of the Board of Directors.

Jonathan Shepko has served as a member of the Board of Directors since February 2017 and has served as the Company’s Chief Executive Officer since August 2021. From January 2021 to August 2021, he served as the Company’s Interim Chief Executive Officer. Mr. Shepko is a Co-founder and Managing Partner of Stonehollow Capital Partners (“Stonehollow”), which makes direct equity investments in private companies across the United States. Prior to founding Stonehollow in January 2019, from 2014 to 2018, Mr. Shepko served as a Managing Partner of EF Capital Management, LP, the investment arm of a substantial single-family office, which largely focused on direct equity and direct debt investments, in both public and private companies, across the United States. Prior to that, Mr. Shepko was a Managing Director with Ares Management, a Managing Director of CLG Energy Finance (an affiliate of Beal Bank), and a Vice President with EnCap Investments, LP. Over the course of his career, he has served in various board and management capacities of portfolio company investments. Collectively, Mr. Shepko has underwritten and managed nearly $2 billion in direct equity and debt financings, spanning multiple industries, including investments in high-growth, as well as mature companies. Mr. Shepko graduated magna cum laude with a degree in Finance from Texas A&M University. We believe his background and skill set, as well as his daily insight into our business as our Chief Executive Officer, make Mr. Shepko well-suited to serve as a member of the Board of Directors.

Ena Williams has served as a member of the Board of Directors since May 2019. Ms. Williams has served as the Chief Operating Officer of Casey’s General Stores, Inc. (NASDAQ: CASY), a Fortune 500 company operating over 2,400 convenience stores in 16 states, since June 2020. Prior to this, from January 2019 to March 2020, she served as the Chief Executive Officer and member of the board of directors of National HME, Inc., a technology enabled hospice medical equipment provider. Prior to that role, she served 7-Eleven, Inc., a global chain of convenience stores, as the Senior Vice President and Head of International Operations from 2015 to February 2018, where she led the growth strategy and had P&L responsibilities for more than 34,900 licensed, franchised and joint-venture stores in 16 countries. She also served 7-Eleven, Inc. as the Senior Vice President, West Region Operations from 2011 to 2015 and the Vice President, Southwest Division from 2008 to 2011. Also, Ms. Williams held a number of positions in the operations, retail and planning functions of Mobil Oil Corporation and ExxonMobil Corporation from 1991 to 2008. Ms. Williams currently serves on the board of advisors for the Robert B. Rowling Center for Business Law & Leadership, SMU Dedman School of Law. She also serves on the board of directors for Children International. Ms. Williams holds a master’s degree in Business Administration from The Wharton School of the University of Pennsylvania and a bachelor’s degree in Economics and African-American Studies from the University of Virginia. Ms. Williams brings to the Board deep experience managing P&L, executing strategic initiatives and providing data-driven analysis at large corporations across multiple industries with a focus on efficient operations and people leadership. We believe her background and skill set make Ms. Williams well-suited to serve as a member of the Board of Directors.

Executive Officers

The executive officers of the Company are as follows:

Name	Position	Age
Jonathan Shepko	Chief Executive Officer	44
Jason Bates	Executive Vice President and Chief Financial Officer	44
Rick Williams	Executive Vice President and Chief Operating Officer	56
Soumit Roy	Executive Vice President, Chief Legal Officer, General Counsel and Corporate Secretary	46

Jonathan Shepko's biographical information is set forth under "—Directors" above.

Jason Bates has served as our Executive Vice President and Chief Financial Officer since April 2020. Before joining the Company, Mr. Bates most recently served as Executive Vice President and Chief Financial Officer of USA Truck Inc., a North American truckload carrier and logistics brokerage provider, a position he had held since May 2017. Prior to that, Mr. Bates served Swift Transportation Company, a transportation services company ("Swift"), as Vice President of Finance and Investor Relations Officer from December 2010 to April 2017 and in a variety of other finance, treasury and accounting roles from 2003 to 2010. Mr. Bates began his career in corporate finance at Honeywell International in the Aerospace Division. Mr. Bates holds a Bachelor of Science degree in Business from Brigham Young University and an MBA from Arizona State University.

Rick Williams has served as our Executive Vice President and Chief Operating Officer since May 2020. From 1992 until his appointment as Chief Operating Officer of the Company, Mr. Williams served as Chief Executive Officer of Central Oregon Truck Company, Inc. ("COTC"), a flatbed transportation company that Mr. Williams co-founded in 1992, which was acquired by the Company in 2013. In September 2019, Mr. Williams was named the division head of the Company's Flatbed Solutions segment. Mr. Williams began his career in the flatbed trucking industry as a driver at the age of 20. He has worked in the trucking industry for over 34 years and has served in every operational role within the industry.

Soumit Roy has served as our General Counsel since he joined the Company in September 2017 and also became our Chief Legal Officer and Corporate Secretary in September 2019 and an Executive Vice President in April 2020. Mr. Roy brings over 17 years of experience in private practice and in-house counsel positions at Fortune 500 publicly traded companies. Prior to joining Daseke, he was Global Transaction Counsel at Whole Foods Market, General Counsel at Hotels.com, an Expedia Company, and Counsel at Texas Instruments. His private practice experience includes mergers and acquisitions, corporate securities, employment law and intellectual property law. Mr. Roy holds a B.S. in Molecular Biology and Biochemistry from the University of Texas at Austin and a J.D. from The University of Texas School of Law.

Board Representation Agreements

The Lyons Agreement

On December 23, 2020, the Company entered into a board representation agreement (the "Lyons Agreement") with Lyons Capital, LLC, The Lyons Community Property Trust, dated June 15, 1979 and Phillip N. Lyons (collectively with their respective affiliates, the "Lyons Investors") and Mr. Garbers. The Lyons Investors beneficially owned approximately 5% of the Company's common stock, par value $0.0001 per share (the "Common Stock"), in the aggregate as of the date of the Lyons Agreement. Pursuant to the Lyons Agreement, the Board appointed Mr. Garbers to the Board and to the Corporate Governance and Nominating Committee of the Board (the "Corporate Governance and Nominating Committee"), effective January 1, 2021.

Also pursuant to the Lyons Agreement, prior to the Lyons Termination Date (as defined below), the Company will, with respect to any annual meeting of the Company's stockholders include Mr. Garbers or any replacement representative mutually agreed upon by the Company and the Lyons Investors pursuant to the Lyons Agreement (the "Lyons Investor Representative") in its proxy materials as a director nominee proposed by the Board, recommend the Lyons Investor Representative's election to the Company's stockholders and solicit proxies in favor of the Lyons Investor Representative's election.

With certain exceptions relating to breaches of the Lyons Agreement, the Lyons Agreement terminates after the Company or the Lyons Investors deliver a notice of termination at any time after the date of the Company's second annual meeting of stockholders following the date of the Lyons Agreement (the "Earliest Lyons Termination Date"), subject to the terminating party providing at least 30 days' advance notice (the effective date of such termination, the "Lyons Termination Date"). However, if the Company notifies the Lyons Investors and the Lyons Investor Representative before the Earliest Lyons Termination Date that the Board will re-nominate the Lyons Investor Representative at the Company's next annual meeting of stockholders, then the Earliest Lyons Termination Date would be automatically extended to the date of the Company's next annual meeting of stockholders. The Lyons Investor Representative has agreed to immediately tender his resignation as a director of the Company, which the Board may accept or reject in its sole discretion, upon the earliest of the following: (i) the Lyons Termination Date; (ii) the sale or other transfer by the Lyons Investors of Common Stock that results in the Lyons Investors' net long ownership of the Common Stock falling below 80% of their ownership net long aggregate ownership of the Common Stock as of the date of the Lyons Agreement, with certain adjustments and exceptions as set forth in the Lyons Agreement; and (iii) the Lyons Investors' failure to cure a material breach of the Lyons Agreement pursuant to the Lyons Agreement.

The Don R. Daseke Agreement

On December 23, 2020, the Company entered into a board agreement (the "Don R. Daseke Agreement") with The Walden Group, Inc. and Don R. Daseke (collectively with their respective affiliates, the "Don R. Daseke Investors"). The Don R. Daseke Investors beneficially owned approximately 28% of the Common Stock in the aggregate as of the date of the Don R. Daseke Agreement. Pursuant to the Don R. Daseke Agreement, prior to the Don R. Daseke Termination Date (as defined below), the Company will, with respect to any annual meeting of stockholders, include Mr. Daseke in its proxy materials as a director nominee proposed by the Board, recommend his election to the Company's stockholders and solicit proxies in favor of his election.

With certain exceptions relating to breaches of the Don R. Daseke Agreement, the Don R. Daseke Agreement terminates after the Company or the Don R. Daseke Investors deliver a notice of termination at any time after the date of the Company's second annual meeting of stockholders following the date of the Don R. Daseke Agreement, subject to the terminating party providing at least 30 days' advance notice (the effective date of such termination, the "Don R. Daseke Termination Date"); provided, however, that in the event that the Don R. Daseke Investors sell or otherwise transfer their shares of Common Stock in any transaction that would result in the Don R. Daseke Investors' net long aggregate ownership of the Common Stock falling below 30% of the Don R. Daseke Investors' net long aggregate ownership of the Common Stock as of the date of the Don R. Daseke Agreement, with certain adjustments and exceptions as set forth in the Don R. Daseke Agreement, without the prior written approval of the Board, the Company's obligations to the Don R. Daseke Investors pursuant to the Don R. Daseke Agreement will terminate immediately.

Audit Committee

We have a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act and The Nasdaq Stock Market, LLC Listing Rules (the "NASDAQ Listing Rules"). The members of the Audit Committee of the Board (the "Audit Committee") are Messrs. Bonner, Garbers and Serianni and Ms. Lovett. Each member of the Audit Committee is financially literate. In addition, the Board of Directors has determined that each member of the Audit Committee meets the additional independence standards set forth in the NASDAQ Listing Rules applicable to members of audit committees. The Board has also determined that Ms. Lovett and Mr. Serianni each qualify as an "audit committee financial expert" as defined in applicable SEC rules.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our directors, executive officers and persons who beneficially own more than 10 percent of the Common Stock to file reports of ownership and changes in ownership with the SEC. These reporting persons are also required to furnish us with copies of all Section 16(a) forms they file. Based solely upon a review of such forms, we believe that all required Section 16 reports were timely filed during 2021 and in prior years by our directors and executive officers and beneficial owners of more than 10% of the Common Stock, except as previously disclosed and except that Mr. Shepko filed a Form 4 on June 2, 2021 to report the vesting of a prior restricted stock unit award that was required to be reported by September 8, 2020.

Code of Ethics

We have adopted a code of ethics that applies to our officers and directors. A copy of the code of ethics is available free of charge on the Investors section of our website at http://www.daseke.com. In addition, a copy of the code of ethics will be provided without charge upon request to us. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K relating to amendments to or waivers from any provision of the code of ethics applicable to such persons by posting such information on our website.

Item 11. Executive Compensation

Compensation Overview

This information provided in this Item 11 provides information about our rationale and policies with regard to the compensation of the executive officers who are our "Named Executive Officers" or "NEOs" for 2021 and is intended to provide investors with the material information necessary for understanding our compensation policies and decisions regarding our NEOs as well as providing context for the tabular disclosure provided in the executive compensation tables below. Our NEOs for 2021 are anyone who served as our principal executive officer during 2021 and our two most highly compensated executive officers who were serving at the end of 2021 other than our principal executive officer.

For 2021, our NEOs were:

Name	Position
Jonathan Shepko	Chief Executive Officer(1)
Jason Bates	Executive Vice President and Chief Financial Officer
Rick Williams	Executive Vice President and Chief Operating Officer

(1) Mr. Shepko was appointed Interim Chief Executive Officer effective as of January 1, 2021 and appointed Chief Executive Officer effective as of August 2, 2021.

Our executive compensation program has been designed to attract and retain individuals with the background and skills necessary to successfully execute our strategy in a demanding environment, to motivate those individuals to reach near-term and long-term goals in a way that aligns their interests with those of our stockholders, and to reward success in reaching such goals. We use three primary elements of compensation to fulfill that design: base salaries, annual cash bonuses and long-term equity incentive awards. Annual cash bonuses and long-term equity incentive awards (as opposed to base salary) represent the performance-driven elements of our compensation program. They are also flexible in application and can be tailored to meet our objectives. The determination of each individual's annual cash bonus reflects our belief as to the NEO's relative contribution to achieving or exceeding specified annual goals. The determination of each NEO's specific long-term equity incentive awards, which for 2021 consisted of time-based restricted stock units ("RSUs") and performance-based restricted stock units ("PSUs") with multi-year vesting periods, is based on the NEO's expected long-term contributions. We believe that providing our NEOs with long-term incentive awards in the form of equity compensation such as RSUs and PSUs, further aligns the interests of our NEOs with the long-term interests of our stockholders because the value of such awards to our NEOs is directly tied to the value of the Common Stock.

We also provide a basic benefits package generally to all employees, including our NEOs, which includes a company-sponsored 401(k) plan and health, disability and life insurance.

Elements of 2021 Compensation

We strive to recruit and retain talented and experienced leaders who will support the Company's mission and values. To accomplish this overarching goal, the Company's executive compensation philosophy aims to properly motivate management with an easy-to-comprehend compensation package that seeks to provide our NEOs with competitive base salaries, annual cash bonuses and long-term equity-based compensation awards. Our NEOs also receive certain retirement, health, welfare and additional benefits as described below.

Compensation Elements	Characteristics	Primary Objective
Base salary	Fixed annual cash compensation. Salaries may be increased from time to time by the Board's Compensation Committee (the "Compensation Committee") based on each NEO's responsibilities and performance.	Designed to be a stable component of compensation; recognize performance of job responsibilities; attract and retain talented NEOs.
Annual cash bonuses	Performance-based annual cash incentive bonuses, based on the Company's achievement of certain adjusted pre-tax net income targets (paid pursuant to our NEOs' employment agreements except as otherwise noted below).	Encourage the focus on short-term performance goals that serve as the basis for long-term performance and stockholder value creation; reward achievement of those goals.
Long-term equity incentive awards	Equity-based compensation awards designed to incentivize executives to deliver long-term financial performance and stockholder value, while also providing a retention vehicle for top executive talent. For 2021, long-term equity incentive awards consisted of RSUs that are subject to a multi-year vesting period and PSUs that performance-vest based on the Company's achievement of certain adjusted pre-tax net income targets during a three-year performance period, as modified by the Company's relative total shareholder return as measured against the Company's performance peer group.	Designed to incentivize executives to deliver long-term financial performance and stockholder value, retain top executive talent, and align executive interests with stockholder interests.
Retirement savings 401(k) plan	Qualified 401(k) retirement plan benefits are available for our NEOs and all other full-time employees.	Provide an opportunity for tax-efficient retirement savings.
Health and welfare benefits	Health and welfare benefits are available to our NEOs and all other full-time employees.	Provide benefits to meet the health and welfare needs of our employees and their families.

Compensation Best Practices

The Company maintains compensation arrangements intended to enhance returns to stockholders and include sound corporate governance features. We have listed below some of the more significant governance practices that we have adopted and the practices we have avoided, which we believe promote responsible pay and governance principles and alignment with our stockholders' interests.

What We Do	What We Do Not Do
• Utilize an independent compensation consultant • Utilize a peer group of companies based on the Company's industry, size and other factors to provide a reference point on compensation determinations • Utilize a balanced approach to compensation, which combines fixed and variable compensation, short-term and long-term compensation, and cash and equity compensation • Maintain a competitive compensation package designed to attract, motivate, retain and reward experienced and talented executive officers • Ensure cliff vesting for portions of incentive equity awards to align with stockholder interests • Utilize different financial metrics for short-term and long-term compensation programs, with a portion of long-term equity compensation subject to the Company's achievement of certain pre-tax net income targets and modified by the Company's relative total shareholder return measured against a peer group • Include a clawback provision in our NEOs' employment agreements that allows us to recover incentive compensation in certain circumstances	• Provide excessive severance agreements or tax gross-up payments to executives • Provide single-trigger change in control termination benefits in employment agreements • Allow directors or officers to hedge Company stock or pledge Company stock as collateral for a loan except in certain limited circumstances pre-approved by our Chief Legal Officer, who will approve such request only if such person clearly demonstrates the ability to repay the loan without selling stock • Provide excessive perquisites to our executives • Utilize compensation practices that involve excessive or unnecessary risk-taking • Allow directors or officers to engage in speculative trading of Company stock • Allow ratable vesting for any incentive equity awards • Have the same financial metrics for short-term and long-term compensation programs

Process for Determining Executive Compensation

The Compensation Committee has overall responsibility for approving and evaluating the director and officer compensation plans, policies and programs of the Company. The Compensation Committee uses several different tools and resources in reviewing elements of executive compensation and making compensation decisions, including our compensation consultant noted below. These decisions, however, are not purely formulaic, and the Compensation Committee exercises judgment and discretion as appropriate, taking into consideration our financial results, culture, goals and initiatives and whether each particular element provides an appropriate incentive and reward for performance that sustains and enhances long-term stockholder value. Included in these considerations is an assessment of the executive officer's current total compensation, leadership, integrity, individual performance, prospect for future performance, years of experience, skill set and contributions to our financial results and the creation of stockholder value. The Compensation Committee considers input from our Chief Executive Officer ("CEO") in making determinations regarding our executive compensation program and the individual compensation of each executive officer, other than our CEO. Our CEO and management team also provide information to the Compensation Committee regarding the performance of the Company for the determination of annual cash bonuses and long-term incentive equity awards. The Compensation Committee makes the final determination of NEO compensation. Our CEO makes no recommendations regarding, and does not participate in discussions about, his own compensation.

The Compensation Committee retained Meridian Compensation Partners, LLC ("Meridian"), an independent compensation consultant, to assist the Compensation Committee in assessing and determining executive compensation for 2021. In 2021, Meridian assisted the Compensation Committee by providing competitive compensation data to

assist in pay determinations, assessing the design of our short-term and long-term incentive programs, providing information on trends in executive compensation and governance, and establishing a compensation peer group and a peer group for purposes of determining relative total shareholder return. The Compensation Committee took into account the information provided by Meridian to determine executive compensation for 2021.

On an annual basis, the Compensation Committee reviews and discusses compensation data for our CEO and our other NEOs as compared to compensation data for similarly situated executive officers at peer companies selected and recommended by the compensation consultant and approved by the Compensation Committee. The compensation consultant recommends peer companies that are similar in size (as measured by revenues) and have similar lines of business to the Company (i.e., transportation and logistics companies) and/or have a similar market capitalization.

In advance of 2021 compensation determinations, the Compensation Committee worked with Meridian to develop our peer groups using the factors noted above. The following companies comprised the 2021 compensation peer group: Apogee Enterprises, Inc.; ArcBest Corporation; Cubic Corporation; Echo Global Logistics, Inc.; Forward Air Corporation; Gibraltar Industries, Inc.; Hub Group, Inc.; Knight-Swift Transportation Holdings Inc.; Landstar System, Inc.; Schneider National, Inc.; U.S. Xpress Enterprises, Inc.; USA Truck, Inc. and Werner Enterprises, Inc. The following companies comprised the 2021 peer group for purposes of measuring the Company's relative total shareholder return: ArcBest Corporation; Covenant Logistics Group, Inc.; Heartland Express, Inc.; Hub Group, Inc.; Knight-Swift Transportation Holdings, Inc.; Landstar System, Inc.; Marten Transport, Ltd.; Saia, Inc.; Schneider National, Inc.; Universal Logistics Holdings, Inc.; U.S. Express Enterprises, Inc.; USA Truck, Inc. and Werner Enterprises, Inc. On an annual basis, the compensation consultant and the Compensation Committee review the appropriateness of the peer group. The Compensation Committee believes the comparator groups for 2021 are appropriate because they reflect the Company's market for executive talent and customers and are aligned with the Company's scope of operations and complexity.

Changes to Our Program in 2021

In 2021, the Compensation Committee decided that our executive compensation program in its current form should be modified prospectively to better meet our objectives, and has accordingly implemented the following modifications:

- Annual cash incentive bonuses are 100% based on the Company's achievement of certain financial metrics, with no discretionary component.
- Long-term equity incentive compensation consists of a combination of RSUs and PSUs;
- RSUs are subject to time-vesting conditions and vest over a multi-year period;
- PSUs are subject to performance-vesting conditions and vest based on the Company's achievement of certain financial metrics over a three-year period, as modified by the Company's relative total shareholder return measured against the Company's applicable peer group; and
- With the engagement of Meridian, the Company developed two peer groups, one for purposes of reviewing executive compensation and one for purposes of measuring the Company's relative total shareholder return.

Agreements with Our Named Executive Officers

The Company is party to employment agreements with each of our three NEOs. The employment agreements provide for compensatory payments and benefits upon certain termination events, including termination events following a change in control. In addition, the employment agreements for Messrs. Bates and Williams provide for limited termination and change in control protections in connection with certain awards granted pursuant to the Company's 2017 Omnibus Incentive Plan (as amended and restated, the "Incentive Plan"). These provisions are intended to allow our NEOs to more objectively manage the Company and serve as a recruiting and retention tool. Pursuant to their employment agreements, our NEOs are subject to certain post-termination restrictions, including confidentiality, non-competition and non-solicitation obligations. For a description of the terms of the employment agreements with each of our NEOs, please see the section below entitled "—Narrative to Summary Compensation Table." For a more complete description of our obligations under the employment agreements in the event of a

termination of employment or change in control, please see the section below entitled "—Potential Payments Upon Termination or Change in Control."

Tax and Accounting Considerations

The Compensation Committee and the Company review and consider the tax, accounting and securities law implications of our compensation programs.

Section 162(m)—When setting executive compensation, we consider many factors, such as attracting and retaining executives and providing appropriate performance incentives. We also consider the after-tax cost to the Company in establishing executive compensation programs, both individually and in the aggregate, but tax deductibility is not our sole consideration. Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), generally disallows a federal income tax deduction to public companies for annual compensation over $1 million (per individual) paid to their chief executive officer, chief financial officer and the next three most highly compensated executive officers (as well as certain other officers who were covered employees in years after 2016). The 2017 Tax Act eliminated most of the exceptions from the $1 million deduction limit, except for certain arrangements in place as of November 2, 2017. As a result, compensation payable to our NEOs in excess of $1 million per person in a year will generally not be fully deductible.

Accounting for Executive Compensation—Currently, we account for all equity-based compensation under the rules of the Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("FASB ASC Topic 718"). This rule requires us to estimate the expense of each equity award over the vesting period of the award and record it as such. We are also obligated to record cash-based awards as an expense at the time our payment obligation is accrued.

Executive Compensation

Summary Compensation Table

The following table sets forth information for the fiscal years ended December 31, 2021 and 2020 concerning compensation of our NEOs.

Name and principal position	Year	Salary ($)	Bonus ($)[1]	Stock awards ($)[2]	Option awards ($)[3]	Non-equity incentive plan compensation ($)[4]	All other compensation ($)[5]	Total ($)
Jonathan Shepko[6]	2021	316,669	466,666	4,265,292	—	1,600,000	—	6,648,627
Chief Executive Officer	2020	—	—	—	—	—	—	—
Jason Bates[7]..............	2021	450,000	—	569,606	—	675,000	11,600	1,706,206
Executive Vice President and Chief Financial Officer ...	2020	315,341	75,000	229,215	222,129	472,131	250,000	1,563,816
Rick Williams[8]...........	2021	548,275	—	664,547	—	842,625	63,867	2,119,314
Executive Vice President and Chief Operating Officer ..	2020	570,794	702,500	285,516	316,192	516,393	13,022	2,404,417

(1) Amounts reflect signing bonuses paid to the NEO in the applicable fiscal year.

(2) Amounts reflect the aggregate grant date fair value of RSUs granted to our NEOs, calculated in accordance with FASB ASC Topic 718, as well as the grant date fair value of certain PSUs that can ultimately vest from 0% to 200%, where the grant date is deferred until the Compensation Committee has concluded upon its right to exercise negative discretion. The Company determined on the grant date that the probable vesting outcome for such PSUs was approximately 133% of target performance, which is the amount that is included in the Stock Awards column above. Assuming maximum performance of 200% for the PSUs, the grant date fair value included in the table above would increase for Messrs. Shepko, Bates and Williams by approximately $805,066, $108,939 and $127,096, respectively. For additional information regarding the assumptions underlying these awards, please see Note 12 to our consolidated financial statements, which is included in the Original Report. See "—Narrative to Summary Compensation Table" below for additional information regarding these awards.

(3) Amounts reflect the aggregate grant date fair value of option awards granted to our NEOs, calculated in accordance with FASB ASC Topic 718. For additional information regarding the assumptions underlying this calculation, please see Note 12 to our consolidated financial statements, which is included in the Original Report. See "—Narrative to Summary Compensation Table" below for additional information regarding these awards.

(4) Amounts reflect annual performance bonuses that are earned in the applicable fiscal year and paid in the subsequent fiscal year. The annual bonuses were determined by the Compensation Committee and the Board based on the Company's performance utilizing the Operating Ratio metric for 2020 and the pre-tax net income metric for 2021. The Compensation Committee and the Board also took into account our commitments under individual employment agreements in the determination of the annual bonuses, in each case as such agreements are described below under the heading "—Narrative to Summary Compensation Table." The amounts reported in this column for 2020 include annual bonus payments (which, for each of Messrs. Bates and Williams, was prorated to reflect his start date or promotion) that were inadvertently omitted from the 2020 Summary Compensation Table and are being included herein, along with appropriate adjustments to the "Total" column.

(5) Reflects the following:

Name	Year	401(k) Company-matching contributions ($)	Relocation expenses ($)	Other ($)[(a)]	Total ($)
Jonathan Shepko	2021	—	—	—	—
Jason Bates	2021	11,600	—	—	11,600
Rick Williams	2021	11,600	—	52,267	63,867

a) For Mr. Williams, consists of $52,267 received in connection with his private use of the Company airplane in the fiscal year ended December 31, 2021.

(6) Mr. Shepko was appointed Interim Chief Executive Officer effective January 1, 2021 and appointed Chief Executive Officer effective as of August 2, 2021.

(7) Mr. Bates was appointed Executive Vice President and Chief Financial Officer effective as of April 20, 2020.

(8) Mr. Williams was appointed Executive Vice President and Chief Operating Officer effective as of May 6, 2020. The amounts listed for Mr. Williams for 2020 represent the aggregate compensation he received in 2020, including amounts received prior to his appointment to Executive Vice President and Chief Operating Officer (which consisted of $224,487 in salary payments and $7,935 in other compensation).

Narrative to Summary Compensation Table

Employment Agreements with Messrs. Shepko, Bates and Williams

In August 2021, we entered into an employment agreement with Mr. Shepko, which provides, among other things, that: (i) Mr. Shepko will serve as the Chief Executive Officer of the Company and will perform the duties assigned to him by the Board; (ii) Mr. Shepko's employment will be on an at-will basis and there will be no fixed employment period; (iii) Mr. Shepko was entitled to an annual base salary (currently $800,000); (iv) Mr. Shepko will be eligible to earn an annual discretionary bonus with a target value of 100% of his base salary; and (v) Mr. Shepko received a sign-on award in the form of a one-time cash payment of $466,666.

In April 2020, we entered into an employment agreement with Mr. Bates, pursuant to which, among other things: (i) Mr. Bates will serve as the Executive Vice President and Chief Financial Officer of the Company and will perform the duties assigned to him by the Board or the Chief Executive Officer or their respective designees; (ii) Mr. Bates' employment will be on an at-will basis and there will be no fixed employment period; (iii) Mr. Bates was entitled to an annual base salary (currently $450,000); (iv) Mr. Bates will be eligible to earn an annual discretionary bonus with target value of 75% of his base salary; (v) Mr. Bates would be eligible to participate in the Incentive Plan, with a target annual award having a grant date fair value equal to 80% of Mr. Bates' base salary, which for 2020 consisted entirely of non-qualified stock options to purchase up to 223,600 shares of Common Stock, with an exercise price of $1.38 per share that are scheduled to vest in three equal annual installments, subject to Mr. Bates' continued employment (the "Bates 2020 Target Award"), and providing that the grant date fair value for the target annual awards in years after 2022 would be equal to at least 120% of Mr. Bates' base salary and would be reviewed by the Board for increase; (vi) Mr. Bates received a one-time equity award in 2020 (the "Bates Turn-Around Award") consisting entirely of 388,500 PSUs that are eligible to vest at the end of a three-year performance period subject to the achievement of specified stock price hurdles and Mr. Bates' continued employment; (vii) Mr. Bates received a one-time award of non-qualified stock options in 2020 to purchase up to 186,300 shares of Common Stock, with an exercise price of $1.38 per share that are scheduled to vest in three equal annual installments, subject to Mr. Bates' continued employment (the "Bates Make-Whole Award"); (viii) Mr. Bates received a sign-on award in the form of a one-time cash payment of $75,000; and (ix) Mr. Bates was entitled to a one-time cash payment of $250,000 to serve as a signing bonus that could be used to assist with relocation expenses. The Bates 2020 Target Award, the Bates Turn-Around Award and the Bates Make-Whole Award also provide for accelerated vesting of outstanding awards under limited circumstances, which are described in more detail below in the section titled "—Potential Payments Upon Termination or Change in Control."

In May 2020, we entered into an employment agreement with Mr. Williams, pursuant to which, among other things: (i) Mr. Williams will serve as the Executive Vice President and Chief Operating Officer of the Company and will perform the duties assigned to him by the Board or the Chief Executive Officer or their respective designees; (ii) Mr. Williams' employment will be on an at-will basis and there will be no fixed employment period; (iii) Mr. Williams was entitled to an annual base salary (currently $561,750); (iv) Mr. Williams will be eligible to earn an annual discretionary bonus with target value of 75% of his base salary; (v) Mr. Williams would be eligible to participate in the Incentive Plan, with a target annual award having a grant date fair value equal to 80% of Mr. Williams' base salary, which for 2020 consisted entirely of non-qualified stock options to purchase up to 260,900 shares of Common Stock, with an exercise price of $1.41 per share that are scheduled to vest in three equal annual installments, subject to Mr. Williams' continued employment (the "Williams 2020 Target Award"), and providing that the grant date fair value for the target annual awards in years after 2022 would be equal to at least 120% of Mr. Williams' base salary and would be reviewed by the Board for increase; (vi) Mr. Williams received a one-time equity award in 2020 (the "Williams Turn-Around Award") consisting entirely of 453,200 PSUs that are eligible to vest at the end of a three-year performance period subject to the achievement of specified stock price hurdles and Mr. Williams' continued employment; and (vii) Mr. Williams received a one-time grant of non-qualified stock options in 2020 to purchase up to 310,600 shares of Common Stock, with an exercise price of $1.41 per share that are scheduled to vest in three equal annual installments, subject to Mr. Williams' continued employment (the "Williams Promotion Award"); and (viii) Mr. Williams will be entitled to receive a $300,000 retention award in cash if his employment agreement has not been terminated as of May 6, 2023. The Williams 2020 Target Award, the Williams Turn-Around Award and the Williams Promotion Award also provide for accelerated vesting of outstanding awards under limited circumstances, which are described in more detail below in the section titled "—Potential Payments Upon Termination or Change in Control." If the Incentive Plan does not contain a sufficient number of shares under the Williams 2020 Target Award, the Williams Turn-Around Award and the Williams Promotion Award, the awards will be settled in cash.

Messrs. Shepko, Bates and Williams are able to participate in the same benefit plans in which other senior executives of the Company are eligible to participate.

Also pursuant to the terms of their employment agreements, Messrs. Shepko, Bates and Williams are entitled to severance payments in certain limited circumstances. Such severance benefits are described in more detail below in the section titled "—Potential Payments Upon Termination or Change in Control."

The employment agreements with Messrs. Shepko, Bates and Williams contain a "clawback" provision that enables the Company to recoup any amounts paid to the executive as an annual bonus (and, for Messrs. Bates and Williams, any incentive compensation) under the employment agreement if so required by applicable law, any clawback policy adopted by the Company and any applicable securities exchange listing standards. None of the employment agreements with Messrs. Shepko, Bates and Williams provide for any tax gross-up payments. If amounts payable to Messrs. Shepko, Bates or Williams under their employment agreements or otherwise exceed the amount allowed under Section 280G of the Code for such executive (thereby subjecting the executive to an excise tax), then such payments due to Messrs. Shepko, Bates or Williams under their employment agreements will either (i) be reduced (but not below zero) so that the aggregate present value of the payments and benefits received by the executive is $1.00 less than the amount which would otherwise cause Messrs. Bates or Williams to incur an excise tax under Section 4999 of the Code or (ii) be paid in full, whichever produces the better net after-tax position to the executive.

Each executive is also subject to general confidentiality and non-disparagement obligations in his employment agreement, as well as non-competition and non-solicitation restrictions during employment and for 18 months thereafter; provided, that if Mr. Williams terminates his employment agreement for convenience and the Company decides to pay him a discretionary severance payment (as described in more detail below in the section titled "—Potential Payments Upon Termination or Change in Control"), his post-termination restricted period will equal the number of months in which the Company pays such discretionary severance payment.

Outstanding Equity Awards At Fiscal Year-End Table

The following table reflects information regarding outstanding equity-based awards held by our NEOs as of December 31, 2021.

		Option awards				Stock awards			
Name	Grant date	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable [1]	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested (#) [1]	Market value of shares or units of stock that have not vested ($) [2]	Equity incentive plan awards: number of unearned shares, units or other rights that have not vested (#) [1]	Equity incentive plan awards: market value of unearned shares, units or other rights that have not vested ($) [2]
Jonathan Shepko	2/27/2017	20,000	5,000[3]	9.98	2/27/2027	—	—	—	—
	8/2/2021	—	—	—	—	—	—	553,936[4]	5,561,517
	8/2/2021	—	—	—	—	184,645[5]	1,853,836	—	—
Jason Bates[6].......	4/20/2020	74,533	149,067[7]	1.38	4/20/2030	—	—	—	—
	4/20/2020	62,100	124,200[8]	1.38	4/20/2030	—	—	—	—
	4/20/2020	—	—	—	—	388,500[9]	3,900,540	—	—
	6/25/2021	—	—	—	—	—	—	79,766[4]	800,851
	6/25/2021	—	—	—	—	26,589[5]	266,954	—	—
Rick Williams	5/6/2020	103,533	207,067[10]	1.41	5/6/2030	—	—	—	—
	5/6/2020	86,967	173,933[11]	1.41	5/6/2030	—	—	—	—
	5/6/2020	—	—	—	—	453,200[12]	4,550,128	—	—
	6/25/2021	—	—	—	—	—	—	93,062[4]	934,342
	6/25/2021	—	—	—	—	31,020[5]	311,441	—	—

(1) The treatment of these awards upon certain employment termination and change in control events is described under "—Potential Payments Upon Termination or Change in Control" below.

(2) Calculated based on the closing price for the Common Stock on December 31, 2021, which was $10.04.

(3) Represents options granted to Mr. Shepko on February 27, 2017 which are scheduled to vest in five equal installments on the first five anniversaries of the grant date, subject to continued employment through each applicable vesting date. Such award was granted to Mr. Shepko in connection with his prior service as a member of the Board of Directors.

(4) Represents grants of PSUs that are subject to both time- and performance-based vesting conditions. Such PSUs will time-vest on December 31, 2023, subject to continued employment through such time-vesting date. These PSUs have not performance-vested yet, as the amount of PSUs subject to these awards that will ultimately vest can range from 0% to 200% based on the achievement of specific performance-based conditions, which are related to the Company's financial performance over the three-year performance period and are modified based on the Company's Relative Total Shareholder Return ("TSR"). The ultimate amount of PSUs that vest may be downwardly adjusted by the Compensation Committee if the TSR is negative. The value of the PSUs reported in this column are based on achieving maximum performance goals.

(5) Represents grants of RSUs that are subject to time-vesting conditions and are scheduled to vest in three equal installments on the first anniversary of the grant date, on January 1, 2023 and on January 1, 2024, subject to continued employment through each applicable vesting date.

(6) The awards granted to Mr. Bates on April 20, 2020 constitute "employment inducement grants" under NASDAQ Listing Rule 5635(c)(4).

(7) Represents the Bates 2020 Target Award. Such award is schedule to vest in three equal installments on the first three anniversaries of the grant date, subject to continued employment through each applicable vesting date.

(8) Represents the Bates Make-Whole Award. Such award is schedule to vest in three equal installments on the first three anniversaries of the grant date, subject to continued employment through each applicable vesting date.

(9) Represents the Bates Turn-Around Award, which consists of PSUs that are subject to both time- and performance-based vesting conditions. Such PSUs will time-vest at the end of the three-year performance period which commenced on April 20, 2020, subject to continued employment through such time-vesting date. Such PSUs have already fully satisfied the performance-vesting condition, as the Common Stock equaled or exceeded the three specified performance hurdles for 20 trading days out of 30 consecutive trading days during the three-year performance period; specifically, 33.33% of the PSUs performance vested upon the achievement of a $4 performance hurdle, 33.33% of the PSUs performance vested upon the achievement of a $6 performance hurdle, and 33.34% of the PSUs performance vested upon the achievement of a $9 performance hurdle.

(10) Represents the Williams Promotion Award. Such award is schedule to vest in three equal installments on the first three anniversaries of the grant date, subject to continued employment through each applicable vesting date.

(11) Represents the Williams 2020 Target Award. Such award is schedule to vest in three equal installments on the first three anniversaries of the grant date, subject to continued employment through each applicable vesting date.

(12) Represents the Williams Turn-Around Award, which consists of PSUs that are subject to both time- and performance-based vesting conditions. Such PSUs will time-vest at the end of the three-year performance period which commenced on May 6, 2020, subject to continued employment through such time-vesting date. Such PSUs have already fully satisfied the performance-vesting condition, as the Common Stock equaled or exceeded the three specified performance hurdles for 20 trading days out of 30 consecutive trading days during the three-year performance period; specifically, 33.33% of the PSUs performance vested upon the achievement of a $4 performance hurdle, 33.33% of the PSUs performance vested upon the achievement of a $6 performance hurdle, and 33.34% of the PSUs performance vested upon the achievement of a $9 performance hurdle.

Potential Payments Upon Termination or Change in Control

Employment Agreements with Messrs. Shepko, Bates and Williams

As described above in the section entitled "—Narrative to Summary Compensation Table," we have entered into employment agreements with each of Messrs. Shepko, Bates and Williams. The following summarizes the impact of certain termination events or the occurrence of a change in control on each NEO's entitlement to severance and other benefits under these employment agreements.

If the employment of Messrs. Shepko, Bates or Williams is terminated by the Company for cause or by the executive without good reason, such executive will be entitled to receive (i) all accrued base salary and accrued but unused vacation through the date of termination, (ii) any post-employment benefits due under the terms and conditions of the Company's benefits plans, and (iii) for Mr. Shepko, any earned but unpaid annual bonus. The applicable executive will not be entitled to any additional amounts or benefits as the result of a termination of employment for cause or by the executive without good reason.

If the employment of Mr. Shepko is terminated by the Company without cause or if he resigns for good reason, Mr. Shepko will be entitled to, subject to his execution and non-revocation of a release of claims against the Company and continued compliance with restrictive covenants, (i) a lump-sum cash payment equal to the pro rata portion of his target annual bonus for the year in which his employment terminates (the "Severance Payment"), and (ii) up to 24 months of Company-subsidized COBRA coverage; provided, however, that if such termination occurs after a change in control and is on or before December 31, 2022, the Severance Payment will instead be equal to Mr. Shepko's target annual bonus for the 2022 bonus year plus his annual base salary for 2022 (less any amounts of base salary already paid to him if the termination date occurs in 2022).

If Mr. Shepko's employment is terminated due to his death or disability, he will be entitled to the pro rata portion of his target annual bonus for the year in which his employment terminates.

If the employment of Messrs. Bates or Williams is terminated by the Company without cause or if Messrs. Bates or Williams resign for good reason, the applicable executive will be entitled to, subject to the execution and non-revocation of a release of claims against the Company and continued compliance with restrictive covenants: (i) a payment equal to the sum of (A) 18 months of base salary plus (B) a pro rata portion of the applicable executive's target annual bonus for the year in which he is terminated, payable in substantially equal installments over the 18-month period following such termination; (ii) up to 18 months of Company-subsidized COBRA coverage; and (iii) the accelerated vesting of any outstanding equity awards, with performance-based conditions vesting on actual achievement of the applicable performance-based conditions, except for the Bates 2020 Target Award, the Bates Turn-Around Award, the Bates Make-Whole Award, the Williams 2020 Target Award, the Williams Turn-Around Award and the Williams Promotion Award, which provide for accelerated vesting in the circumstances described below. If Mr. Williams terminates his employment agreement for convenience after May 6, 2023, the Company may elect to pay Mr. Williams a discretionary severance payment equal to his monthly base salary for up to 18 months following such termination in order to extend his post-termination restricted period, as described above.

If the employment of Messrs. Bates or Williams is terminated due to his death or disability, such executive will be entitled to: (i) a pro rata portion of his target annual bonus for the year in which he is terminated; (ii) up to 18 months of Company-subsidized COBRA coverage; and (iii) the accelerated vesting of any outstanding equity awards that would have vested in the year of termination, with performance-based conditions vesting on actual achievement of the applicable performance-based conditions, except for the Bates 2020 Target Award, the Bates Turn-Around Award, the Bates Make-Whole Award, the Williams 2020 Target Award, the Williams Turn-Around Award and the Williams Promotion Award, which provide for accelerated vesting in the circumstances described below.

Under his employment agreement, "good reason" for Mr. Shepko generally means the occurrence of any of the following, without his consent: (i) a material reduction in base salary; (ii) a material diminution in his position, reporting relationship to the Board, responsibilities or duties or the assignment of him to a position, responsibilities or duties of a materially lesser status or degree of responsibility than his position, responsibilities or duties; (iii) requirement that Mr. Shepko be based anywhere more than 40 miles from the office where he is located on the effective date of the employment agreement; or (iv) any material breach by the Company of the employment agreement or any other material agreement between the Company and Mr. Shepko.

Under their employment agreements, "good reason" for each of Messrs. Bates and Williams generally means the occurrence of any of the following, without his consent: (i) a material reduction in base salary or target annual bonus, other than a general reduction in base salary or target annual bonus that affects all similarly situated executives in substantially the same proportions; (ii) a material diminution in his position, responsibilities or duties or the assignment of him to a position, responsibilities or duties of a materially lesser status or degree of responsibility than his position, responsibilities or duties; (iii) any material breach by the Company of any provision of his employment agreement; or (iv) for Mr. Bates, the required relocation or transfer of his regular work location to a location more than 40 miles from the Dallas-Ft. Worth metropolitan area.

Under their employment agreements, "cause" for each of Messrs. Shepko, Bates and Williams generally means: (i) the commission by the executive of fraud, breach of fiduciary duty, theft or embezzlement against the Company, its subsidiaries, affiliates or customers; (ii) the executive's willful refusal without proper legal cause to faithfully and diligently perform his duties; (iii) the breach of the confidentiality, noncompetition, non-solicitation or intellectual property provisions in the executive's employment agreement or the material breach of any other written agreement between the executive and one or more members of affiliated entities including the Company and its direct and indirect subsidiaries; (iv) the executive's conviction of, or plea of guilty or *nolo contendere* to, a felony (or state law equivalent) or any crime involving moral turpitude; (v) willful misconduct or gross negligence by the executive in the performance of duties to the Company that has or could reasonably be expected to have a material adverse effect on the Company; or (vi) the executive's material breach and violation of the Company's written policies pertaining to sexual harassment, discrimination or insider trading.

2017 Equity Awards

Pursuant to the terms of Mr. Shepko's 2017 option award (the "2017 Shepko Option Award"), upon a change in control, the unvested portion of the 2017 Shepko Option Award will become vested in full and exercisable. If Mr. Shepko's service terminates due to his death or disability, the unvested portion of the 2017 Shepko Option Award that would have vested in the year of termination will become vested and exercisable.

2020 Equity Awards

Bates and Williams 2020 Target Awards

Pursuant to the terms of the Bates 2020 Target Award and Williams 2020 Target Award (collectively, the "2020 Target Awards") upon (i) a change in control if no replacement award is provided, (ii) the respective NEO's termination without cause, or (iii) the respective NEO's resignation for good reason, the unvested portion of the 2020 Target Award will become vested in full and exercisable, in each case, subject to the NEO's execution and non-revocation of a release of claims against the Company. If the NEO's employment terminates due to his death or disability, the unvested portion of the 2020 Target Award that would have vested in the year of termination will become vested and exercisable.

Under the 2020 Target Awards, "change in control," "good reason" and "cause" all have the same definitions as described above.

Bates and Williams Turn-Around Awards

Pursuant to the terms of the Bates Turn-Around Award and Williams Turn-Around Award (collectively, the "Turn-Around Awards"), upon a change in control if no replacement award is provided, the unvested portion of the Turn-Around Awards will time-vest in full. Further, pursuant to the terms of the Turn-Around Awards, upon (i) the respective NEO's termination without cause, (ii) the respective NEO's resignation for good reason, or (iii) the respective NEO's death or disability, the unvested portion of the Target Awards will time-vest in full and performance-vest based on actual achievement of the applicable performance-based conditions, in each case, subject to the NEO's execution and non-revocation of a release of claims against the Company.

Under the Turn-Around Awards, "change in control," "good reason" and "cause" all have the same definitions as described above.

Bates Make-Whole Award

Pursuant to the terms of the Bates Make-Whole Award, upon (i) a change in control if no replacement award is provided, (ii) Mr. Bates' termination without cause, or (iii) Mr. Bates' resignation for good reason, the unvested portion of the Bates Make-Whole Award will become vested in full and exercisable, in each case, subject to Mr. Bates' execution and non-revocation of a release of claims against the Company. If Mr. Bates' employment terminates due to his death or disability, the unvested portion of the Bates Make-Whole Award that would have vested in the year of termination will become vested and exercisable.

Under the Bates Make-Whole Award, "change in control," "good reason" and "cause" all have the same definitions as described above.

Williams Promotion Award

Pursuant to the terms of the Williams Promotion Award, upon (i) a change in control if no replacement award is provided, (ii) Mr. Williams' termination without cause, or (iii) Mr. Williams' resignation for good reason, the unvested portion of the Williams Promotion Award will become vested in full and exercisable, in each case, subject to Mr. Williams' execution and non-revocation of a release of claims against the Company. If Mr. Williams' employment terminates due to his death or disability, the unvested portion of the Williams Promotion Award that would have vested in the year of termination will become vested and exercisable.

Under the Williams Promotion Award, "change in control," "good reason" and "cause" all have the same definitions as described above.

2021 Equity Awards

Pursuant to the terms of the 2021 RSU awards made to Messrs. Shepko, Bates and Williams (collectively, the "2021 RSU Awards"), the unvested portion of the 2021 RSU Award will become vested in full upon (i) a change in control if no replacement award is provided or (ii) the respective NEO's termination (a) by the Company without cause, (b) by the NEO for good reason or (c) due to the NEO's death or disability, in each case, subject to the NEO's execution and non-revocation of a release of claims against the Company.

Pursuant to the terms of the 2021 PSU awards made to Messrs. Shepko, Bates and Williams (collectively, the "2021 PSU Awards" and, together with the 2021 RSU Awards, the "2021 Equity Awards"), upon a change in control, if no replacement award is provided and subject to the NEO's continuous employment through the occurrence of the change in control, the 2021 PSU Award will immediately become time-vested and the achievement of all relevant performance goals will be determined based on the greater of actual achievement or the target of those goals at the time of the change in control. Upon the NEO's termination (i) by the Company without cause, (ii) by the NEO for good reason or (iii) due to the NEO's death or disability, in each case, subject to the NEO's execution and non-revocation of a release of claims against the Company, the 2021 PSU Award will be deemed to have time-vested as of the date of such termination and the achievement of all relevant performance goals will be determined based on the actual level achievement of those goals; provided, that (a) the number of any PSUs deemed to have become performance-vested shall be prorated to reflect the portion of the performance period that lapsed as of immediately prior the termination date, (b) the resulting number of PSUs following such proration shall be deemed the number of vested PSUs that shall be settled in accordance with the applicable award agreement and (c) any number of PSUs that are not settled in accordance with the applicable award agreement shall remain outstanding and subject to vesting and settlement notwithstanding the NEO's termination.

Under the 2021 Equity Awards, "change in control" and "cause" are defined in the Incentive Plan, and "good reason" is defined in the applicable employment agreement.

Director Compensation

Annual Cash Compensation

Our directors who also serve as employees of the Company do not receive additional compensation for their services as directors while serving as employees. Our non-employee directors receive (i) an annual retainer in the amount of $75,000, and (ii) as applicable, an annual fee for serving as the chair of the Audit Committee in the amount of $15,000, as the chair of the Compensation Committee in the amount of $10,000 and as the chair of the Corporate Governance and Nominating Committee in the amount of $10,000. The annual retainer and committee chair fees are paid quarterly. Mr. Shepko became Interim Chief Executive Officer effective January 1, 2021 and was appointed Chief Executive Officer effective August 2, 2021, and no longer receives any Board retainers.

Equity Compensation

In addition to the annual cash compensation described above, our independent directors also receive an annual stock award grant for each year of service on the Board of Directors. Due to the amendment to the Incentive Plan that occurred in 2021, during the fiscal year ended December 31, 2021, our directors received two separate grants of RSUs, representing their 2021 annual stock award grant and their 2022 annual stock award grant.

The 2021 non-employee director annual stock awards were granted on June 1, 2021 and consisted of 6,906 RSUs worth $52,002 as of the grant date, each of which vested on January 1, 2022. The 2022 non-employee director annual stock awards were granted on December 31, 2021 and each consisted of 4,980 RSUs worth $49,999 as of the grant date, each of which vest on January 1, 2023.

The following table presents information regarding compensation earned by the non-employee directors for their Board service during the year ended December 31, 2021.

Name	Fees earned or paid in cash ($)[1]	Stock awards ($)[2]	Option awards ($)[3]	Total ($)
Brian Bonner	85,000	102,001	—	187,001
Kevin M. Charlton[4]	—	—	—	—
Don R. Daseke	75,000	102,001	—	177,001
Catharine Ellingsen	50,625	85,473	—	136,098
Grant Garbers	75,000	102,001	—	177,001
Daniel J. Hennessy[5]	45,000	—	—	45,000
Charles "Chuck" F. Serianni	82,500	102,001	—	184,501
Ena Williams	85,000	102,001	—	187,001

(1) Reflects annual retainer fees for non-employee directors of $75,000 and annual Board committee chair fees, with (a) Ms. Ellingsen receiving a prorated annual retainer due to her becoming a non-employee director on April 27, 2021, and (b) Mr. Hennessy receiving a prorated annual retainer due to his cessation of service as a non-employee director on June 18, 2021. Mr. Charlton received no annual retainer due to his cessation of service as a non-employee director on January 1, 2021.

(2) Represents the aggregate grant date fair value, computed in accordance with FASB ASC Topic 718, of RSUs granted to non-employee directors in the fiscal year ended December 31, 2021. As of December 31, 2021, non-employee directors (as of such date) held outstanding RSUs in the following amounts: Messrs. Bonner, Daseke, Garbers and Serianni and Ms. Williams – 11,886; and Ms. Ellingsen – 9,691. Ms. Ellingsen received a prorated number of RSUs due to her becoming a non-employee director on April 27, 2021.

(3) Non-employee directors were not granted stock options in the fiscal year ended December 31, 2021. As of December 31, 2021, non-employee directors (as of such date) held outstanding stock options in the following amounts: Mr. Bonner – 25,000; Mr. Daseke – 99,940; Messrs. Garbers and Serianni and Mses. Ellingsen and Williams – 0.

(4) Mr. Charlton ceased to be a director effective January 1, 2021.

(5) Mr. Hennessy ceased to be a director effective June 18, 2021.

In addition, our non-employee directors are reimbursed for all out-of-pocket expenses incurred in connection with attending Board or committee meetings. Each director is indemnified for his or her actions associated with being a director to the fullest extent permitted under Delaware law.

Process for Determining Non-Employee Director Compensation

The Compensation Committee conducts an annual review of director compensation and benefits, including cash, equity-based awards and other compensation. In determining non-employee director compensation, the Compensation Committee seeks advice from the independent compensation consultants who are retained by the Board to, among other functions, analyze compensation and develop initial recommendations as to the amount and form of compensation to be paid to the Company's non-employee directors, including pay mix. Regarding compensation, the Compensation Committee's advisor, Meridian, analyzes and compares the Company's compensation program against the same peer group used to determine executive officer compensation as described above. Market data is obtained for each element of Board compensation. The Board then reviews this information with the compensation consultant, as well as any developing trends in director compensation and how the Board's workload compares to that of the peer group directors, and establishes the go-forward Board compensation arrangements. In establishing the go-forward Board compensation arrangements, the Compensation Committee considers the competitiveness of each element of compensation, as well as the competitiveness of total compensation. The Compensation Committee recommended that the Board approve the 2021 compensation package, and the Board approved the compensation package for 2021.

Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serves, nor served at any time during 2021, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on the Board of Directors.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plan Information

The following table reflects, as of December 31, 2021, information regarding compensation plans under which equity securities of the Company are authorized for issuance.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights[1] (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders[2]	5,338,030	$ 7.13	1,248,915
Equity compensation plans not approved by security holders[3]................................	865,000	$ 2.15	N/A
Total	6,203,030	$ 6.23	1,248,915

(1) The weighted average exercise price does not take into account shares issuable upon vesting of outstanding RSUs or PSUs.

(2) On June 18, 2021, the Company's common stockholders approved the Incentive Plan, whereby the Company may grant awards of stock options, stock appreciation rights, restricted stock, RSUs, other stock-based awards and performance awards. Under the Incentive Plan, the Company is authorized to issue up to 8.5 million shares of Common Stock.

(3) Reflects the grant of "employment inducement grants" under NASDAQ Listing Rule 5635(c)(4). These grants consisted of (a) 409,900 stock options and 388,500 PSUs to Mr. Bates and (b) 66,600 stock options to a former non-executive officer employee.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information regarding the beneficial ownership of the Common Stock as of March 31, 2022 based on information filed with the SEC or obtained from the persons named below, with respect to the beneficial ownership of shares of Common Stock, by:

- each person known by us to be the beneficial owner of more than 5% of our outstanding shares of Common Stock;
- each of our NEOs and directors that beneficially owns shares of Common Stock; and
- all our executive officers and directors as a group.

Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all shares of Common Stock beneficially owned by them.

Name	Number of Shares of Common Stock Beneficially Owned	Percent of Outstanding Common Stock[1]
Brian Bonner[2]	509,546	*
Don R. Daseke[2][3]	18,108,687	28.5
Catharine Ellingsen	4,711	*
Grant Garbers	6,906	*
Melendy Lovett	10,000	*
Charles “Chuck” F. Serianni	41,741	*
Jonathan Shepko[2]	293,069	*
Ena Williams	53,741	*
Jason Bates[2]	273,267	*
Rick Williams[2]	381,000	*
All directors and executive officers as a group (11 individuals)[2][3]	19,821,535	31.2
The Walden Group, Inc.[4]	16,337,314	25.8
Osterweis Capital Management, Inc.[5]	4,347,850	6.9
Lyons Capital, LLC[6]	3,250,000	5.1

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* Less than one percent.

(1) Calculations based on 63,441,801 shares of Common Stock of the registrant outstanding at March 31, 2022.

(2) Includes shares of Common Stock issuable upon exercise of stock options held by the following people in the following amounts: (a) 25,000 vested options held by each of Messrs. Bonner and Shepko, (b) 99,940 vested options held by Mr. Daseke; (c) 136,633 vested options held by Mr. Bates and 136,634 options held by Mr. Bates that will vest within 60 days of March 31, 2022, (d) 190,500 vested options held by Mr. Williams and 190,500 options held by Mr. Williams that will vest within 60 days of March 31, 2022, and (e) 79,433 vested options held by Mr. Roy and 59,434 options held by Mr. Roy that will vest within 60 days of March 31, 2022.

(3) The shares reported in the above table also include shares held of record by Barbara Daseke (his spouse), by The Walden Group, Inc. (an entity of which Mr. Daseke is the President and majority stockholder) and by Walden Management Co. Pension (an entity of which Mr. Daseke is the sole trustee). Mr. Daseke has sole voting and sole dispositive power over 1,737,052 shares of Common Stock and shared voting and shared dispositive power over 16,371,635 shares of Common Stock. Ms. Daseke holds 34,321 shares of Common Stock, The Walden Group, Inc. holds 16,337,314 shares of Common Stock, and Walden Management Co. Pension holds 76,000 shares of Common Stock.

(4) Business Address: 15455 Dallas Parkway, Suite 550, Addison, Texas 75001.

(5) Comprised of approximately 4,347,850 shares of Common Stock issuable upon conversion of 500,000 shares of Series A Convertible Preferred Stock, convertible at the rate of 8.6957 shares of Common Stock per 1 share of Series A Convertible Preferred Stock. Information is based on a Schedule 13G/A filed with the SEC on February 14, 2022 by (a) Osterweis Capital Management, Inc., (b) Osterweis Capital Management, LLC, (c) John S. Osterweis, and (d) Carl P. Kaufman, all of which, except for Osterweis Capital Management, Inc., have sole voting and sole dispositive power. Business Address: One Maritime Plaza, Suite 800, San Francisco, CA 94111.

(6) Information is based on a Schedule 13D/A filed with the SEC on January 5, 2021 by (a) Lyons Capital, LLC, (b) The Lyons Community Property Trust, dated June 15, 1979, (c) Phillip N. Lyons, and (d) Lyons Share Foundation, all of which have shared voting and shared dispositive power over the reported shares of Common Stock. Business Address of Lyons Capital, LLC, The Lyons Community Property Trust, dated June 15, 1979 and Lyons Share Foundation: 5000 Birch Street, Suite 5500, Newport Beach, CA 92660. Business Address of Phillip N. Lyons 36 Harbor Island, Newport Beach, CA 92660.

Item 13. Certain Relationships and Related Party Transactions, and Director Independence

Certain Relationships and Related Party Transactions

Since January 1, 2020, other than the compensation arrangements, including employment, termination of employment and change in control arrangements, discussed in Item 11 of this Amendment No. 1, there have been no transactions, and there are no currently proposed transactions, in which (i) we have been or are to be a participant, (ii) the amount involved exceeded or is expected to exceed $120,000, and (iii) any of our directors, executive officers or holders of more than 5% of our outstanding capital stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities, had or will have a direct or indirect material interest, except Mr. Williams, our Executive Vice President and Chief Operating Officer, has a 28% ownership interest in one of our customers from whom we received approximately $0.4 million and $0.2 million in freight revenue for the years ended December 31, 2021 and 2020, respectively.

Policies and Procedures for Related Party Transactions

The Audit Committee must review and approve any related party transaction we propose to enter into in which the amount involved exceeds $120,000. The Audit Committee charter details the policies and procedures relating to transactions that may present actual, potential or perceived conflicts of interest and may raise questions as to whether such transactions are consistent with the best interest of the Company and its stockholders. A summary of such policies and procedures is set forth below.

Any potential related party transaction that is brought to the Audit Committee's attention will be analyzed by the Audit Committee, in consultation with outside counsel or members of management, as appropriate, to determine whether the transaction or relationship does, in fact, constitute a related party transaction. At its meetings, the Audit Committee will be provided with the details of each new, existing or proposed related party transaction, including the terms of the transaction, the business purpose of the transaction and the benefits to us and to the relevant related party.

In determining whether to approve a related party transaction, the Audit Committee must consider, among other factors, the following factors to the extent relevant:

- whether the terms of the transaction are fair to us and on the same basis as would apply if the transaction did not involve a related party;
- whether there are business reasons for us to enter into the transaction;
- whether the transaction would impair the independence of an outside director;
- whether the transaction would present an improper conflict of interest for any director or executive officer taking into account the size of the transaction, the overall financial position of the director, executive officer or related party, the direct or indirect nature of the director's, executive officer's or related party's interest in the transaction and the ongoing nature of any proposed relationship, and any other factors the Audit Committee deems relevant; and
- any pre-existing contractual obligations.

Any member of the Audit Committee who has an interest in the transaction under discussion must abstain from voting on the approval of the transaction, but may, if so requested by the chairman of the Audit Committee, participate in some or all of the Audit Committee's discussions of the transaction. Upon completion of its review of the transaction, the Audit Committee may determine to permit or to prohibit the transaction.

Director Independence

The Board has undertaken a review of the independence of each director. Based on information provided by each director concerning his or her background, employment and affiliations, the Board has determined that none of our directors (other than Messrs. Daseke and Shepko) have relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of our directors (other than Messrs. Daseke and Shepko) is "independent" as that term is defined by The Nasdaq Listing Rules. In addition, the Board previously determined that Mr. Charlton, who served on the Board until his resignation in January 2021, and Mr. Hennessy, who served on the Board until his resignation in June 2021, had no relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and were "independent" as that term is defined by the NASDAQ Listing Rules during the time they served on the Board. In making these determinations, the Board considered the current and prior relationships that each director has with the Company and all other facts and circumstances the Board deemed relevant in determining each director's independence and eligibility to serve on the committees of the Board.

There are no family relationships among any directors or executive officers.

Item 14. Principal Accountant Fees and Services

Principal Accounting Fees and Services

The following is a summary of fees paid to Grant Thornton LLP (Dallas, Texas; PCAOB ID Number 248) ("Grant Thornton") for audit, audit related and tax fees for the years ended December 31, 2020 and December 31, 2021.

Audit Fees. Audit fees consist of fees billed for professional services rendered for the audit of our year-end financial statements and services provided in connection with regulatory filings and includes interim procedures, quarterly reviews and audit fees, as well as attendance at Audit Committee meetings.

Audit-Related Fees. Audit-related services consist of fees billed for assurance and related services that are reasonably related to performance of the audit or review of our financial statements and are not reported under "Audit Fees." These services include attest services that are not required by statute or regulation and consultations concerning financial accounting and reporting standards.

Tax Fees. Tax fees consist of fees billed for tax return preparation and tax planning and advice.

	2020 Fees	2021 Fees
Audit services	$ 2,050,232	$ 2,107,322
Audit-related services[(1)]	67,840	233,198
Tax services	897,822	701,350
All other services	—	—
Total	$ 3,015,894	$ 3,041,870

(1) Audit-related services are comprised of an audit of a benefit plan in 2020 and in 2021. In addition, in 2021, audit-related services included due diligence procedures in connection with potential acquisition opportunities.

The Audit Committee determined that the services provided by Grant Thornton were compatible with Grant Thornton's independence as the independent registered public accounting firm during 2020 and 2021.

Pre-Approval Policy

Since the formation of the Audit Committee, and on a going-forward basis, the Audit Committee has and will pre-approve all auditing services and permitted non-audit services to be performed for us by our auditors, including the fees and terms thereof (subject to the de minimis exceptions for non-audit services described in the Exchange Act which are approved by the Audit Committee prior to the completion of the audit).

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) *Financial Statements*

The financial statements included in "Item 8. Financial Statements and Supplementary Data" are filed as part of the Original Report.

(2) *Financial Statement Schedules*

There are no financial statement schedules filed as part of this Amendment No. 1, since the required information is included in the financial statements, including the notes thereto, included in "Item 8. Financial Statements and Supplementary Data" of the Original Report or the circumstances requiring inclusion of such schedules are not present.

(3) *Exhibits*

Exhibit No.	Exhibit
3.1	Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by the registrant on March 3, 2017).
3.2	Charter Amendment to Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q filed by the registrant on August 6, 2020).
3.3	By-Laws of Daseke, Inc., as last amended and effective May 22, 2018 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by the registrant on May 25, 2018).
3.4	First Amendment to the By-Laws of Daseke, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by the registrant on August 18, 2020).
3.5	Certificate of Designations, Preferences, Rights and Limitations of 7.625% Series A Convertible Cumulative Preferred Stock (incorporated by reference to Exhibit 3.2 to the registrant's Current Report on Form 8-K filed by the registrant on March 3, 2017).
4.1	Specimen stock certificate for the registrant's common stock (incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed by the registrant on March 3, 2017).
4.2	Specimen stock certificate for the registrant's 7.625% Series A Convertible Preferred Stock (incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed by the registrant on March 3, 2017).
4.3	Specimen warrant certificate (incorporated by reference to Exhibit 4.3 to the registrant's Current Report on Form 8-K filed by the registrant on March 3, 2017).
4.4	Warrant Agreement, dated July 22, 2015, between Continental Stock Transfer & Trust Company and the registrant (incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed by the registrant on July 28, 2015).
4.5	Sponsor Warrants Purchase Agreement, dated May 11, 2015, among the registrant and Hennessy Capital Partners II LLC (incorporated by reference to Exhibit 10.6 to the Registration Statement on Form S-1 (No. 333-205152) filed by the registrant on June 22, 2015).
4.6	Amended and Restated Registration Rights Agreement, dated as of February 27, 2017, by and among the registrant, Daseke Companies, Inc. (f/k/a Daseke, Inc.), Hennessy Capital Partners II LLC, and certain security holders of the registrant party thereto (incorporated by reference to Exhibit 4.1 of the registrant's Current Report on Form 8-K filed by the registrant on March 3, 2017).
4.7***	Description of securities.

10.1	Term Loan Agreement, dated as of February 27, 2017, among the registrant, HCAC Merger Sub, Inc. (which merged with and into Daseke, Inc., which changed its name to Daseke Companies, Inc.), as borrower, certain financial institutions from time to time party thereto, as lenders, Credit Suisse AG, Cayman Islands Branch, as administrative agent, and Credit Suisse Securities (USA) LLC, UBS Securities LLC, and PNC Capital Markets LLC, as joint lead arrangers and joint bookrunners (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the registrant on March 3, 2017).
10.2	Amendment No. 1 to Term Loan Agreement, dated as of August 16, 2017, among Daseke Companies, Inc., Daseke, Inc., Credit Suisse AG, Cayman Islands Branch, as administrative agent and collateral agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Current Report filed by the registrant on Form 8-K on August 22, 2017).
10.3	Incremental and Refinancing Amendment (Amendment No. 2 to the Term Loan Agreement), dated as of November 28, 2017, among the registrant, Daseke Companies, Inc. and certain of its subsidiaries, Credit Suisse AG, Cayman Islands Branch, as administrative agent and collateral agent, and the lenders party thereto (incorporated by reference to Exhibit 10.3 to the registrant’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017).
10.4§	Refinancing Amendment (Amendment No. 3 to Term Loan Agreement), dated as of March 9, 2021, by and among the registrant, Daseke Companies, Inc. and each of the registrant’s other subsidiaries party thereto, the financial institutions party thereto as lenders, Credit Suisse AG, Cayman Islands Branch, as predecessor administrative agent and collateral agent, and JPMorgan Chase Bank, N.A., as successor administrative agent and collateral agent (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the registrant on March 10, 2021).
10.5	Fifth Amended and Restated Revolving Credit and Security Agreement, dated February 27, 2017, among the registrant, HCAC Merger Sub, Inc. (which merged with and into Daseke, Inc., which changed its name to Daseke Companies, Inc.) and certain of its subsidiaries party thereto, PNC Bank, National Association, as lender and agent, and certain financial institutions, as lenders, from time to time party thereto (incorporated by reference to Exhibit 10.2 to the registrant’s Current Report on Form 8-K filed on March 3, 2017).
10.6	First Amendment to Fifth Amended and Restated Revolving Credit and Security Agreement, dated August 31, 2017, by and among the registrant, Daseke Companies, Inc., and certain of its subsidiaries party thereto and PNC Bank, National Association, as agent, and the lenders party thereto (incorporated by reference to Exhibit 10.2 to the registrant’s Quarterly Report on Form 10-Q filed on November 9, 2017).
10.7	Second Amendment to Fifth Amended and Restated Revolving Credit and Security Agreement, dated November 28, 2017, by and among the registrant, Daseke Companies, Inc. and certain of its subsidiaries party thereto, PNC Bank, National Association, as agent, and the lenders party thereto (incorporated by reference to Exhibit 10.6 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2017).
10.8§	Third Amendment to Fifth Amended and Restated Revolving Credit and Security Agreement, dated June 15, 2018, by and among the registrant, Daseke Companies, Inc., each of its subsidiaries party thereto as borrowers, PNC Bank National Association, as agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the registrant’s Quarterly Report on Form 10-Q filed on August 9, 2018).

10.9§	Fourth Amendment and Waiver to Fifth Amended and Restated Revolving Credit and Security Agreement, dated as of November 5, 2020, by and among the registrant, Daseke Companies, Inc., each of its subsidiaries party thereto as borrowers, the lenders party thereto, and PNC Bank, National Association, as agent for the lenders (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on November 12, 2020).
10.10§	Fifth Amendment to Fifth Amended and Restated Revolving Credit and Security Agreement, dated April 29, 2021, by and among the registrant, Daseke Companies, Inc. and each of the registrant's other subsidiaries party thereto, the financial institutions party thereto as lenders and PNC Bank, National Association, as agent for the lenders (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the registrant on April 30, 2021).
10.11§	Board Representation Agreement by and among the registrant, Lyons Capital, LLC, The Lyons Community Property Trust, dated June 15, 1979, Phillip N. Lyons and Grant Garbers (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the registrant on January 5, 2021).
10.12	Board Agreement by and among the registrant, The Walden Group, Inc. and Don R. Daseke (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by the registrant on January 5, 2021).
10.13+	Employment Agreement, dated as of August 2, 2021, by and between Jonathan Shepko and the registrant (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by registrant on August 3, 2021).
10.14+	Employment Agreement, dated as of April 20, 2020, by and between Jason Bates and the registrant (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed by the registrant on August 6, 2020).
10.15+	Employment Agreement, dated as of May 6, 2020, by and between Rick Williams and the registrant (incorporated by reference to Exhibit 10.8 to the Quarterly Report on Form 10-Q filed by the registrant on August 6, 2020).
10.16+	Separation Agreement, dated as of August 26, 2019, by and between Don R. Daseke and the registrant (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the registrant on August 29, 2019).
10.17+	Separation Agreement, dated as of December 30, 2020, by and among Christopher R. Easter and the registrant (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed by the registrant on January 5, 2021).
10.18+	Form of Indemnification Agreement between the registrant and each of its directors and executive officers (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K filed by the registrant on March 3, 2017).
10.19+	Daseke, Inc. 2017 Omnibus Incentive Plan, as amended and restated on May 26, 2017, effective as of February 27, 2017 (incorporated by reference to Exhibit 4.3 to the registrant's Registration Statement on Form S-8 filed on May 31, 2017 (File No. 333-218386)).
10.20+	First Amendment to Daseke, Inc. 2017 Omnibus Incentive Plan (as amended and restated on May 26, 2017, effective as of February 27, 2017), effective as of September 6, 2019 (incorporated by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed on November 12, 2019).

10.21+	Daseke, Inc. 2017 Omnibus Incentive Plan, as amended and restated on June 18, 2021 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the registrant on June 21, 2021).
10.22+	Daseke, Inc. 2017 Management Stock Ownership Program for Selected Management (incorporated by reference to Exhibit 4.5 to the registrant's Registration Statement on Form S-8 filed on May 31, 2017 (File No. 333-218386).
10.23+	Daseke, Inc. 2017 Stock Ownership Program for Employees (incorporated by reference to Exhibit 4.4 to the registrant's Registration Statement on Form S-8 filed on May 31, 2017 (File No. 333-218386)).
10.24+	Daseke, Inc. 2017 Stock Ownership Program for Truck Driver Employees (incorporated by reference to Exhibit 4.6 to the registrant's Registration Statement on Form S-8 filed on May 31, 2017 (File No. 333-218386)).
10.25+	Form of Non-Qualified Stock Option Award Agreement of the registrant (incorporated by reference to Exhibit 10.8 to the registrant's Current Report on Form 8-K filed on March 3, 2017).
10.26+	Form of Non-Qualified Stock Option Award Agreement for Non-Employee Directors of the registrant (incorporated by reference to Exhibit 10.9 to the registrant's Current Report on Form 8-K filed on March 3, 2017).
10.27+	Restricted Stock Unit Award Agreement, dated as of September 19, 2019, by and between Brian Bonner and the registrant (incorporated by reference to Exhibit 10.8 to the registrant's Quarterly Report on Form 10-Q filed on November 12, 2019).
10.28+	Non-Qualified Stock Option Award Agreement, dated as of April 20, 2020, between Jason Bates and the registrant (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-8 filed by the registrant on April 23, 2020).
10.29+	Non-Qualified Stock Option Award Agreement, dated as of April 20, 2020, between Jason Bates and the registrant (incorporated by reference to Exhibit 4.4 to the Registration Statement on Form S-8 filed by the registrant on April 23, 2020).
10.30+	Performance Stock Unit Award Agreement, dated as of April 23, 2020, between Jason Bates and the registrant (incorporated by reference to Exhibit 4.5 to the Registration Statement on Form S-8 filed by the registrant on April 23, 2020).
10.31+***	Form of Non-Qualified Stock Option Award Agreement (commencing in 2020).
10.32+***	Form of Performance Stock Unit Award Agreement (commencing in 2020).
10.33+	Form of Restricted Stock Unit Award Agreement of the registrant (commencing in 2021) (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q filed by the registrant on August 3, 2021).
10.34+	Form of Performance Stock Unit Award Agreement of the registrant (commencing in 2021) (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed by the registrant on August 3, 2021).

10.35+	Form of Restricted Stock Unit Award Agreement (Non-Employee Directors) of the registrant (commencing in 2021) (incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q filed by the registrant on August 3, 2021).
21.1***	List of subsidiaries.
23.1***	Consent of Independent Registered Public Accounting Firm
31.1***	Certification of Principal Executive Officer under Section 302 of Sarbanes-Oxley Act of 2002.
31.2***	Certification of Principal Financial Officer under Section 302 of Sarbanes-Oxley Act of 2002.
31.3*	Certification of Principal Executive Officer under Section 302 of Sarbanes-Oxley Act of 2002.
31.4*	Certification of Principal Financial Officer under Section 302 of Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer under Section 906 of Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer under Section 906 of Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Inline Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Filed herewith.
** Previously furnished with the Original Report.
*** Previously filed with the Original Report.
\+ Management contract or compensatory plan or arrangement.
§ Certain schedules and similar attachments have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish supplementally copies of any of the omitted schedules and attachments upon request by the SEC; provided, however, that the Company may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any schedules and attachments so furnished.

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.

DASEKE, INC.
(Registrant)

Date: April 29, 2022

By: /s/ Jonathan Shepko
Jonathan Shepko
Chief Executive Officer and Director