

**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
- or
- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-35007



**Knight-Swift Transportation Holdings Inc.**  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or organization)

20-5589597  
(I.R.S. Employer Identification No.)

2002 West Wahalla Lane  
Phoenix, Arizona 85027  
(Address of principal executive offices and Zip Code)

(602) 269-2000  
(Registrant's telephone number, including area code)  
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 \$0.01 Par Value	KNX	New York Stock Exchange

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 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	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

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 ☒

As of June 30, 2021, the aggregate market value of our common stock held by non-affiliates was \$7,426,391,060, based on the closing price of our common stock as quoted on the NYSE as of such date.

There were 166,191,076 shares of the registrant's common stock outstanding as of February 15, 2022.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive proxy statement for its 2022 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission (the "SEC") are incorporated by reference into Part III of this report.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

2021 ANNUAL REPORT ON FORM 10-K

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# KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

## 2021 ANNUAL REPORT ON FORM 10-K

### GLOSSARY OF TERMS

*The following glossary provides definitions for certain acronyms and terms used in this Annual Report on Form 10-K. These acronyms and terms are specific to our company, commonly used in our industry, or are otherwise frequently used throughout our document.*

Term	Definition
<b>Knight-Swift/the Company/Management/We/Us/Our</b>	Unless otherwise indicated or the context otherwise requires, these terms represent Knight-Swift Transportation Holdings Inc. and its subsidiaries.
<b>Annual Report</b>	Annual Report on Form 10-K
<b>2012 ESPP</b>	Employee Stock Purchase Plan, effective beginning in 2012, amended and restated in 2018
<b>2014 Stock Plan</b>	The Company's second amended and restated 2014 Omnibus Incentive Plan
<b>2017 Debt Agreement</b>	The Company's unsecured credit agreement, entered into on September 29, 2017 and amended October 2, 2020, consisting of the 2017 Revolver and 2017 Term Loan, which are defined below.
<b>2017 Merger</b>	The September 8, 2017 merger of Knight and Swift, pursuant to which we became Knight-Swift Transportation Holdings Inc.
<b>2017 Revolver</b>	Revolving line of credit under the 2017 Debt Agreement
<b>2017 Term Loan</b>	The Company's term loan under the 2017 Debt Agreement.
<b>2018 RSA</b>	Fourth Amendment to the Amended and Restated Receivables Sales Agreement, entered into on July 11, 2018 by Swift Receivables Company II, LLC with unrelated financial entities.
<b>2021 Debt Agreement</b>	The Company's unsecured credit agreement, entered into on September 3, 2021, consisting of the 2021 Revolver and 2021 Term Loans, which are defined below.
<b>2021 Prudential Notes</b>	An unsecured credit agreement, entered into on September 3, 2021, maturing October 2023 through January 2028
<b>2021 Revolver</b>	Revolving line of credit under the 2021 Debt Agreement
<b>2021 RSA</b>	Fifth Amendment to the Amended and Restated Receivables Sales Agreement, entered into on April 23, 2021 by Swift Receivables Company II, LLC with unrelated financial entities.
<b>2021 Term Loans</b>	The Company's term loans under the 2021 Debt Agreement, collectively consisting of the 2021 Term Loan A-1, 2021 Term Loan A-2 and 2021 Term Loan A-3.
<b>2021 Term Loan A-1</b>	The Company's term loan under the 2021 Debt Agreement, maturing on December 3, 2022.
<b>2021 Term Loan A-2</b>	The Company's term loan under the 2021 Debt Agreement, maturing on September 3, 2024.
<b>2021 Term Loan A-3</b>	The Company's term loan under the 2021 Debt Agreement, maturing on September 3, 2026.
<b>July 2021 Term Loan</b>	The Company's term loan entered into on July 6, 2021
<b>Abilene</b>	Abilene Motor Express, Inc. and its related entities
<b>ACT</b>	AAA Cooper Transportation, and its affiliated entity.
<b>ACT Acquisition</b>	The Company's acquisition of 100% of the securities of ACT on July 5, 2021
<b>ASC</b>	Accounting Standards Codification Topic (or subtopic)
<b>ASU</b>	Accounting Standards Update
<b>Board</b>	Knight-Swift's Board of Directors
<b>BSBY</b>	Bloomberg Short-Term Bank Yield Index
<b>COVID-19</b>	Viral strain of a coronavirus which led the World Health Organization to declare a global pandemic in March 2020.
<b>C-TPAT</b>	Customs-Trade Partnership Against Terrorism
<b>CSA</b>	Compliance Safety Accountability
<b>DOT</b>	United States Department of Transportation
<b>ELD</b>	Electronic Logging Device
<b>Eleos</b>	Eleos Technologies, LLC
<b>Embark</b>	Embark Trucks Inc. and its related entities
<b>EPA</b>	United States Environmental Protection Agency
<b>EPS</b>	Earnings Per Share
<b>ERP</b>	Enterprise Resource Planning system
<b>FASB</b>	Financial Accounting Standards Board
<b>FLSA</b>	Fair Labor Standards Act
<b>FMCSA</b>	Federal Motor Carrier Safety Administration
<b>GAAP</b>	United States Generally Accepted Accounting Principles

## KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

## 2021 ANNUAL REPORT ON FORM 10-K

## GLOSSARY OF TERMS

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Term	Definition
<b>GDP</b>	Gross Domestic Product
<b>LIBOR</b>	London InterBank Offered Rate
<b>LTL</b>	Less-than-truckload
<b>Knight</b>	Unless otherwise indicated or the context otherwise requires, this term represents Knight Transportation, Inc. and its subsidiaries
<b>Mohave</b>	Mohave Transportation Insurance Company, a Swift wholly-owned captive insurance subsidiary
<b>MME</b>	RAC MME Holdings, LLC. and its subsidiaries, MME, Inc., Midwest Motor Express, Inc., and Midnite Express Inc.
<b>NASDAQ</b>	National Association of Securities Dealers Automated Quotations
<b>NLRB</b>	National Labor Relations Board
<b>NYSE</b>	New York Stock Exchange
<b>Red Rock</b>	Red Rock Risk Retention Group, Inc., a Swift wholly-owned captive insurance subsidiary
<b>RSU</b>	Restricted Stock Unit
<b>SEC</b>	Securities and Exchange Commission
<b>SPA</b>	Stock Purchase Agreement
<b>Swift</b>	Unless otherwise indicated or the context otherwise requires, this term represents Swift Transportation Company and its subsidiaries
<b>UTXL</b>	UTXL Enterprises, Inc.
<b>US</b>	The United States of America
<b>Warehousing Co.</b>	Warehousing company, acquired by the Company on January 1, 2020

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

**PART I**

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

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

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

In this Annual Report, forward-looking statements include statements we make concerning:

- the ability of our infrastructure to support future growth, whether we grow organically or through potential acquisitions,
- the flexibility of our model to adapt to market conditions,
- our ability to recruit and retain qualified driving associates,
- future safety performance,
- future performance of our segments or businesses,
- our ability to gain market share,
- the ability, desire, and effects of expanding our logistics, brokerage, LTL, and intermodal operations,
- future equipment prices, our equipment purchasing or leasing plans, and our equipment turnover (including expected tractor trade-ins and containers in our Intermodal segment),
- our ability to lease equipment to independent contractors,
- the impact of pending legal proceedings,
- future claims experience, including insurance claims, coverage, coverage limits, premiums, and retention limits,
- the expected freight environment, including freight demand, capacity, and volumes,
- the balance between industry demand and capacity,
- economic conditions and growth, including future inflation, consumer spending, supply chain conditions, and changes in GDP,
- the future impact of COVID-19 (including its variants),
- our ability to obtain favorable pricing terms from vendors and suppliers,
- expected liquidity and methods for achieving sufficient liquidity,
- future fuel prices and the expected impact of fuel efficiency initiatives,
- future expenses and cost structure and our ability to control costs,
- future operating profitability and margin,
- future third-party service provider relationships and availability,
- future contracted pay rates with independent contractors and compensation arrangements with driving associates,
- our expected need or desire to incur indebtedness and our ability to comply with debt covenants,
- future capital expenditures and expected sources of liquidity, capital allocation, capital structure, capital requirements, and growth strategies and opportunities,
- future mix of owned versus leased revenue equipment,
- future asset utilization,
- future return on capital,
- future share repurchases and dividends,

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**

- future tax rates,
- future rates,
- future depreciation and amortization,
- expected tractor and trailer fleet age,
- future investment in and deployment of new or updated technology,
- future classification of our independent contractors, including the impact of new laws and regulations regarding classification,
- political conditions and regulations, including trade regulation, quotas, duties, or tariffs, and any future changes to the foregoing,
- future purchased transportation expense, and
- others.

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

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

## KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

### ITEM 1. BUSINESS

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

#### Company Overview

Knight-Swift Transportation Holdings Inc. is one of the largest and most diversified freight transportation companies, operating one of the largest truckload fleets in North America and is headquartered in Phoenix, Arizona. The Company provides multiple full truckload transportation, LTL, intermodal, and logistics services using a nationwide network of business units and terminals in the US and Mexico to serve customers throughout North America. In addition to its full truckload and LTL services, Knight-Swift also contracts with third-party capacity providers to provide a broad range of shipping solutions to its customers while creating quality driving jobs for our driving associates and successful business opportunities for independent contractors.

During 2021, we covered 1.3 billion loaded miles for shippers throughout North America, contributing to consolidated total revenue of \$6.0 billion and consolidated operating income of \$965.7 million. During 2021, the Truckload segment operated an average of 18,019 tractors (comprised of 16,166 company tractors and 1,853 independent contractor tractors) and 67,606 trailers. Our LTL segment operated an average of 2,735 tractors and 7,413 trailers. Additionally, the Intermodal segment operated an average of 597 tractors and 10,847 intermodal containers. Our four reportable segments are Truckload, Logistics, LTL, and Intermodal.

We have historically grown through a combination of organic growth, as well as through mergers and acquisitions (discussed below). Mergers and acquisitions have enhanced our business and service offerings with additional terminals, driving associates, revenue equipment, and capacity. Our multiple service offerings, capabilities, and transportation modes enable us to transport, or arrange transportation for, general commodities for our diversified customer base throughout the US and Mexico using our equipment, information technology, and qualified driving associates and non-driver employees. We are committed to providing our customers with a wide range of full truckload, logistics, LTL, and intermodal services and continuing to invest considerable resources toward developing a range of solutions for our customers across multiple service offerings and transportation modes. Our overall objective is to provide full truckload, logistics, LTL, and intermodal services that, when combined, lead the industry in margin and growth, while providing efficient and cost-effective solutions for our customers.

#### Business Combinations and Investments

We became Knight-Swift Transportation Holdings Inc. on September 8, 2017 through the 2017 Merger transaction. Since 1966, we have continuously expanded our nationwide network and our service offerings through organic growth, as well as through the acquisition of twenty-two companies.

See Note 1 and Note 4 in Part II, Item 8 in this Annual Report, for more information regarding the 2017 Merger and our recent acquisitions. See Note 6 in Part II, Item 8 in this Annual Report, regarding our partnership agreements with Transportation Resource Partners and our October 2020 investment in a transportation-related company.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**

## Industry and Competition

The trucking industry has two primary types of motor carriers: full truckload and LTL. Full truckload carriers represent the largest part of the transportation supply chain for most retail and manufactured goods in North America and typically transport a full trailer (or container) of freight for a single customer from origin to destination without intermediate sorting and handling. By contrast, LTL carriers typically transport multiple shipments from multiple customers in the same trailer (or container). LTL shipments are then sent through a network of service centers where they may be conveyed to other trailers with nearby destinations. Generally, the full truckload industry is compensated based on miles, whereas the LTL industry is compensated based on freight density and length of haul. Overall, the US transportation and logistics industry is large, fragmented, and highly competitive. We compete with thousands of full truckload carriers, most of whom operate significantly smaller fleets than we do, as well as a number of national, regional, and inter-regional LTL carriers. Our trucking segments compete with other motor carriers for the services of driving associates, independent contractors, and management and other employees. To a lesser extent, our intermodal and logistics businesses compete with railroads, less-than-truckload carriers, logistics providers, and other transportation companies. Our logistics businesses compete with other logistics companies for the services of third-party capacity providers and management employees.

Our industry has recently encountered the following major economic cycles:

Period	Economic Cycle
2017 — 2019	strong cycle, driven by a record pricing climate through 2018. The industry experienced increased demand through 2018 for transportation services, including contract and non-contract market demand, partially due to a strong retail season. Capacity became tighter in the second half of 2017 and throughout 2018, due to increasing government regulation, the driver shortage, and severe storms interrupting business, among other factors. Capacity increased in the second half of 2018 leading to an oversupply during 2019, lower spot market rates, and downward pressure on contract rates.
2020 — 2021	the COVID-19 pandemic led to a new source of volatility throughout the global market in 2020. Economic activities were significantly curtailed across the nation at the onset of 2020, but began to resume in the second half of the year. Accordingly, demand in the freight market was weak in the beginning of the year and gradually strengthened in the second half of the year. The 2020 freight environment was disrupted, with unpredictable shipping volumes, shifts in pricing, and continued challenges in driver sourcing throughout the year. The COVID-19 pandemic continued to be a source of volatility throughout the global market in 2021 creating supply chain disruptions, increased demand for many products, tight transportation capacity and congestion at ocean ports and rail terminals.

The principal means of competition in our industry are customer service and relationships, capacity, and price. In times of strong freight demand, customer service and capacity become increasingly important, and in times of weak freight demand, pricing becomes increasingly important. Most trucking contracts (other than dedicated contracts) do not guarantee truck availability or shipment volumes. Pricing is influenced by supply and demand.

The trucking industry faces the following primary challenges, which we believe we are well-positioned to address, as discussed under "Our Competitive Strengths" and "Our Mission and Company Strategy," below:

- tightening industry capacity;
- cumulative impacts of regulatory initiatives, such as ELDs, hours-of-service limitations for drivers, and others;
- uncertainty in the economic environment, including changing supply chain and consumer spending patterns;
- driver shortages;
- increased insurance costs as significant verdicts and settlement amounts for accident claims impact the industry;
- significant and rapid fluctuations in fuel prices; and
- increased prices for new revenue equipment, design changes of new engines, and volatility in the used equipment sales market.



## KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

### Our Competitive Strengths

As a provider of multiple transportation solutions, including one of North America's largest truckload fleets, we believe that our principal competitive strengths are our regional presence, customer service (including our ability to provide multiple transportation solutions and configuration of equipment that satisfies customers' needs), operating efficiency, cost control, and technological enhancements in our revenue equipment and supporting back-office functions, and our diverse offerings that allow us to offer multiple transportation services.

#### Regional Truckload and LTL Presence

We believe that regional truckload operations, which expanded with the 2017 Merger and our recent acquisitions of ACT, MME, and other companies, offer several advantages, including:

- obtaining greater freight volumes,
- achieving higher revenue per mile by focusing on high-density freight lanes to minimize non-revenue miles,
- enhancing our ability to recruit and train qualified driving associates,
- enhancing safety and driver development and retention,
- enhancing our ability to provide a high level of service and consistent capacity to our customers,
- enhancing accountability for performance and growth,
- furthering our full truckload capabilities to provide various shipping solutions to our customers,
- expanding into the LTL space,
- furthering our logistics capabilities to contract with more third-party capacity providers, and
- extending our transportation infrastructure, knowledge and scale to strengthen our relationships with third party providers.

#### Operating Efficiency and Cost Control

We expect to increase operational efficiencies through the adoption of best practices and capabilities across our brands, as well as the overall size of our company. We operate modern tractors and trailers in order to obtain operating efficiencies and attract and retain driving associates. We believe a generally compatible fleet of tractors and trailers simplifies our maintenance procedures and reduces parts, supplies, and maintenance costs. We regulate vehicle speed, which we believe will maximize fuel efficiency, reduce wear and tear, and enhance safety. We continue to update our fleet with more fuel-efficient post-2014 US EPA emission compliant engines, install aerodynamic devices on our tractors, and equip our trailers with trailer blades, which have led to meaningful improvements in fuel efficiency. We continue to invest capital in new equipment in our Truckload and LTL businesses to take advantage of improvements in tractor cab aerodynamic drag, engine efficiency, and developing fuel saving technologies, including continuing our investment in installing Start-Stop idle reduction technology in all of our tractors to reduce emissions. Our logistics and intermodal businesses focus on effectively optimizing and meeting the transportation and logistics requirements of our customers and providing customers with various sources and modes of transportation capacity across our nationwide service network. We invest in technology that enhances our ability to optimize our freight opportunities while maintaining a low cost per transaction.

#### Customer Service

We strive to provide superior, on-time service at a meaningful value to our customers and seek to establish ourselves as a preferred transportation solutions provider for our customers. We provide full truckload and LTL capacity for customers in high-density lanes, where we can provide a high level of service, as well as flexible and customized logistics services on a nationwide basis. Our full truckload and LTL services together include dry van, refrigerated, and drayage, dedicated, expedited, and cross-border truckload lanes, customized according to customer needs. Our logistics and intermodal services include brokerage, intermodal, and certain logistics, freight management, and non-trucking services, which provide various shipping alternatives and transportation modes for customers by utilizing our expansive network of third-party capacity providers and rail partners. We price our full truckload, LTL, logistics, and intermodal services commensurately with the level of service our customers require and market conditions. By providing customers a high level of service, we believe we avoid competing solely based on price.

#### Using Technology that Enhances Our Business

We purchase and deploy technology that we believe will allow us to operate more safely, securely, and efficiently. Substantially all of our company-owned tractors are equipped with in-cab communication devices that enable us to communicate with our driving associates, obtain load position updates, manage our fleets, and provide our customers with freight visibility, as well as with ELDs that automatically record our driving associates' hours-of-service. The majority of our trailers are equipped with trailer-tracking technology that allows us to better manage our trailers. We have purchased and developed software for our logistics businesses that provides greater visibility of the capacity of our third-party providers and enhances our ability to provide our customers with solutions that offer a superior level of service. We have automated many of our back-office functions, and we continue to invest in technology that we expect will allow us to better serve our customers and improve overall efficiency.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.****Diverse Service Offerings with Multiple Transportation Solutions**

With the addition of LTL services in 2021, we have further expanded our service capabilities while diversifying our revenue streams. We believe our diversified mix and scope of full truckload, LTL, logistics and intermodal services, combined with our value-added service offerings, allows us to provide our customers with one source to meet their shipping and logistics needs, and represents a significant advantage over most of our competitors. We continue to invest considerable resources toward developing a range of solutions for our customers across multiple service offerings and transportation modes to continue to provide efficient and cost-effective solutions for our customers.

**Our Mission and Company Strategy**

Our mission is to operate full truckload, LTL, logistics, intermodal and related businesses that are industry leading in both margin and growth, while providing cost-effective solutions for our customers. Our success depends on our ability to efficiently and effectively manage our resources in providing transportation and logistics solutions to our customers, as well as our ability to leverage efficiencies and best practices across our brands. We evaluate growth opportunities based on customer demand and supply chain trends, availability of drivers and third-party capacity providers, expected returns on invested capital, expected net cash flows, and our company-specific capabilities.

<b>Segment Operating Strategies</b>	
<b>Truckload Segment</b>	Our operating strategy for our Truckload segment is to achieve a high level of asset utilization within a highly disciplined operating system, while maintaining strict controls over our cost structure. We hope to achieve these goals by primarily operating in high-density, predictable freight lanes and attempting to develop and expand our customer base around each of our terminals by providing multiple truckload services for each customer. We believe this operating strategy allows us to take advantage of the large amount of freight transported in the markets we serve. Our terminals enable us to better serve our customers and work more closely with our driving associates. We operate a premium modern fleet that we believe appeals to driving associates and customers, reduces maintenance expenses and driving associate and equipment downtime, and enhances our fuel and other operating efficiencies. We employ technology in a cost-effective manner to assist us in controlling operating costs and enhancing revenue.
<b>Logistics Segment</b>	Our operating strategy for our Logistics segment is to match the shipping needs of our customers with the capacity provided by our network of third-party carriers and our rail providers. Our goal is to increase our market presence, both in existing operating regions and in other areas where we believe the freight environment meets our operating strategy, while seeking to achieve industry-leading operating margins and returns on investment.
<b>LTL Segment</b>	Our LTL segment was established in 2021 by the ACT and MME acquisitions. Our operating strategy for our LTL segment is to provide regional direct service and serve our customers' national transportation needs by utilizing key partner carriers for coverage areas outside of our network. Significant investment is needed to establish and maintain a network of LTL service centers. The substantial fixed costs and capital expenditures required for LTL carriers make it challenging for new entrants or small operators to effectively compete with established carriers. We plan to grow the LTL segment through organic growth and acquisitions and believe a national expansion effort will provide enhanced value to our customers. Our business strategy includes continued yield management evaluation of each customer's commodity mix and shipping volume their corresponding lanes. Additionally, a key component of our strategy is our focused effort with respect to improving utilization of our people, technology, and other resources to maximize operational efficiency while ensuring our customers' freight is delivered safely and timely.
<b>Intermodal Segment</b>	Our operating strategy for our Intermodal segment is to complement our regional operating model, allowing us to better serve customers in longer haul lanes, while leveraging our investments in fixed assets. We have intermodal agreements with most major North American rail carriers.

## KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

### Growth Strategies

We believe we have the terminal network, systems capability, and management capacity to support substantial growth. We have established a geographically diverse network that we believe can support a substantial increase in freight volumes, both organically and through acquisitions. Our network and business lines afford us the ability to provide multiple transportation solutions for our customers, and we maintain the flexibility within our network to adapt to freight market conditions. We believe our unique mix of regional management, together with our consistent efforts to centralize certain business functions to achieve collective economies of scale, allow us to develop future company leaders with relevant operating and industry experience, minimize the potential diseconomies of scale that can come with growth in size, take advantage of regional knowledge concerning capacity and customer shipping needs, and manage our overall business with a high level of performance accountability.

#### Strengthening our customer relationships

We market our services to both existing and new customers who value our broad geographic coverage, suite of transportation and logistics services, and industry-leading full truckload and LTL capacity and freight lanes that complement our existing operations. We seek customers who will diversify our freight base. We market our Truckload and LTL dry van, refrigerated, drayage, brokerage, and intermodal services, including dedicated and cross-border services within those offerings, to logistics customers seeking a single-source provider of multiple services but do not currently take advantage of our array of full truckload and LTL solutions.

#### Improving asset productivity

We focus on improving the revenue generated from our tractors and trailers without compromising safety. We anticipate that we can accomplish this objective through increased miles driven and rate per mile in our Truckload businesses. In our LTL business, our primary focus is increasing density and obtaining appropriate yield, measured by revenue per hundredweight.

#### Acquiring and growing opportunistically

We regularly evaluate potential opportunities for mergers, acquisitions, and other development and growth opportunities. We became Knight-Swift Transportation Holdings Inc. on September 8, 2017 through the 2017 Merger transaction. Since 1966, we have continuously expanded our nationwide network and our service offerings through organic growth, as well as through the acquisition of twenty-two companies.

#### Expanding existing Truckload terminals

Historically, a substantial portion of our Truckload revenue growth has been generated by our expansion into new geographic regions through the opening of additional terminals. Although we continue to seek opportunities to further increase our Truckload business in this manner, our primary focus is on developing and expanding our existing terminals by strengthening our customer relationships, recruiting qualified driving associates and non-driver employees, adding new customers, and expanding the range of transportation and logistics solutions offered from these terminals.

#### Diversifying our service offerings

We are committed to providing our customers a broad and growing range of full truckload, LTL, and logistics services and continue to invest considerable resources toward developing a range of solutions for our customers. We believe that these offerings contribute meaningfully to our results and reflect our strategy to bring complementary services to our customers to assist them with their supply chain needs. We plan to continue to leverage our nationwide footprint and expertise to add value to our customers through our diversified service offerings.

## Customers and Marketing

### Marketing

Our marketing mission is to be a strategic, efficient transportation capacity partner for our customers by providing transportation and logistics solutions customizable to the unique needs of our customers. We deliver these capacity solutions through our network of owned assets, independent contractors, third-party capacity providers, and rail providers. The diverse and premium services we offer provide a comprehensive approach to providing ample supply chain solutions to our customers. At December 31, 2021, we had a sales staff of approximately 200 individuals across the US and Mexico, who work closely with management to establish and expand accounts. Our sales and marketing leaders are members of our senior management team, who are assisted by other sales professionals in each segment. Our sales team emphasizes our industry-leading service, environmental leadership, and our ability to accommodate a variety of customer needs, provide consistent capacity, and financial strength and stability.

### Customers

Our customers are typically large corporations in the retail (including discount and online retail), food and beverage, consumer products, paper products, transportation and logistics, housing and building, automotive, and manufacturing industries. Many of our customers have extensive operations, geographically distributed locations, and diverse shipping needs.

Consistent with industry practice, our typical customer contracts (other than dedicated contracts) do not guarantee shipment volumes by our customers or truck availability by us. This affords us and our customers some flexibility to

## KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

negotiate rates in response to changes in freight demand and industry-wide truck capacity. Our dedicated services within the Truckload and LTL segments assign particular driving associates and revenue equipment to prescribed routes, pursuant to multi-year agreements. This dedicated service provides individual customers with a guaranteed source of capacity, and allows our driving associates to have more predictable schedules and routes. Under our dedicated transportation services, we provide driving associates, equipment, maintenance, and, in some instances, transportation management services that supplement the customer's in-house transportation department.

A majority of our terminals are linked to our corporate information technology systems at our headquarters. The capabilities of this system and its software enhance our operating efficiency by providing cost-effective access to detailed information concerning equipment location and availability, shipment tracking, on-time delivery status, and other specific customer requirements. The system also enables us to respond promptly and accurately to customer requests and assists us in geographically matching available equipment with customer loads. Additionally, our customers can track shipments and obtain copies of shipping documents via our website. We also provide electronic data interchange services to customers desiring these services.

We believe our fleet capacity, terminal network, customer service and breadth of services offer a competitive advantage to major shippers, particularly in times of rising freight volumes when shippers must quickly access capacity across multiple facilities and regions.

We strive to maintain a diversified customer base. Services provided to our largest customer generated 16.1% and 16.8% of total revenue in 2021 and 2020, respectively. Revenue generated by our largest customer is reported in each of our reportable operating segments. No other customer accounted for 10% or more of total revenue in 2021 or 2020.

Our top 25 customers drive a substantial portion of our total revenue, as follows:

- In 2021, our top 25, top 10, and top 5 customers accounted for 54.9%, 40.9%, and 29.4% of our total revenue, respectively.
- In 2020, our top 25, top 10, and top 5 customers accounted for 56.5%, 40.8%, and 30.7% of our total revenue, respectively.

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## Revenue Equipment

We operate a modern fleet of company tractors to help attract and retain driving associates, promote safe operations, and reduce maintenance and repair costs.

In 2021, we obtained the majority of our revenue equipment through cash purchases, and in the future, we will continue to monitor leasing opportunities. We typically obtain tractors and trailers manufactured to our specifications in order to meet a wide variety of customer needs. Growth of our tractor and trailer fleet is determined by market conditions and our experience and expectations regarding equipment utilization. In acquiring revenue equipment, we consider a number of factors, including economy, price, rate, economic environment, technology, warranty terms, manufacturer support, driving associate comfort, and resale value. We maintain strong relationships with our equipment vendors and have the financial flexibility to react as market conditions dictate.

Our current approach is to replace our tractors between 3 years and 9 years after purchase and to replace our trailers every seven or more years. Changes in the current market for used tractors and trailers, regulatory changes, and difficult market conditions faced by tractor and trailer manufacturers, may result in price increases that may affect the period of time for which we operate our equipment.

Our newer equipment has enhanced features, which we believe tends to lower the overall life cycle costs by reducing safety-related expenses, lowering repair and maintenance expenses, improving fuel economy, and improving driving associate satisfaction. In 2022 and beyond, we will continue to monitor the appropriateness of this relatively short tractor trade-in cycle against the lower capital expenditure and financing costs of a longer tractor trade-in cycle, based on current and future business needs.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.****Human Capital****Employees**

The strength of our company is our people, working together with common goals. There were approximately 27,400 full-time employees in our total headcount of approximately 27,900 employees as of December 31, 2021, which was comprised of:

Company driving associates (including driver trainees)	19,400
Technicians and other equipment maintenance personnel	1,400
Corporate and terminal leadership and support personnel	7,100
Total	27,900

As of December 31, 2021, we had approximately 1,300 Trans-Mex driving associates in Mexico that were represented by a union.

**Company Driving Associates**

We recognize that the recruitment, training, and retention of a professional driving associate workforce, which is one of our most valuable assets, is essential to our continued growth and meeting the service requirements of our customers. In order to attract and retain safe driving associates who are committed to the highest levels of customer service and safety, we focus our operations for driving associates around a collaborative and supportive team environment. To help retain driving associates we provide late model and comfortable equipment, direct communication with senior management, competitive wages and benefits, and other incentives designed to encourage driving associate safety, retention, and long-term employment. Some examples of these incentive programs include our Million Miler, military apprenticeship, and Drive for a Degree programs. To help recruit drivers, we have established various driving academies across the US. Our academies are strategically located in areas where external driver-training organizations were lacking. In other areas of the US, we have contracted with driver training schools, which are managed by third parties. There are certain minimum qualifications for candidates to be accepted into the academy, including passing the DOT physical examination and drug/alcohol screening.

**Terminal Staff**

Most of our large terminals are staffed with terminal leaders, fleet leaders, driver leaders, planners, safety coordinators, shop leaders, technicians, and customer service representatives. Our terminal leaders work with driver leaders, customer service representatives, and other operations personnel to coordinate the needs of both our customers and our driving associates. Terminal leaders are also responsible for serving existing customers in their areas. Fleet leaders supervise driver leaders, who are responsible for the general operation of our trucks and their driving associates, focusing on driving associate retention, productivity per truck, fuel consumption, fuel efficiency (with respect to driver-controllable idle time), safety, and scheduled maintenance. Customer service representatives are assigned specific customers to ensure specialized, high-quality service, and frequent customer contact.

**Diversity and Inclusion**

Diversity, equity, and inclusion are pillars supporting our innovative culture. We are committed to fostering a diverse workforce and an inclusive environment, which we believe allows us to leverage the effects of diversity to achieve a competitive business advantage. These efforts are evidenced in our hiring practices, employee training programs and diversity and inclusion networks demonstrate when diverse voices and perspectives are heard, unique, powerful, and creative solutions are the result. It is with this commitment in mind that we build upon our Employee Resource Groups ("ERG"s) now and in the immediate future. Sponsored and supported by leadership, our ERGs as of December 31, 2021 include the Women in Leadership Network and Somos for LatinX employees and allies. Additionally, we formed a special committee in 2021 that was tasked with launching Inspire, a resource group intended to support Black and African American employees and allies, which we expect to roll out to our employees during the first quarter of 2022. These, and additional groups launching soon are integral to ensuring different voices and perspectives contribute to our strategy for long-term profitable growth.

**Succession Planning and Talent Management**

We regularly review talent development and succession plans to identify and develop a pipeline of talent to maintain business operations. We understand the potential costs and risks of bringing in an outside executive officer in

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today's environment, and that businesses are often, but not always, more successful in promoting internal candidates. Accordingly, the Board makes an effort to identify potential successors for those positions long in advance of any potential positional vacancies, perform skills gap analyses for those internal candidates, and provide training and exposure on those gap areas to those candidates in order to develop better potential successors. The Board is primarily responsible for succession planning for the CEO, but also participates in succession planning discussions for other executive officer positions. We believe that our culture, compensation structure, long-term equity program, and robust training and development program provide motivation for talented leaders to remain with the Company.

### **Independent Contractors**

In addition to our employed driving associates, we enter into contractor agreements with third parties who own and operate tractors (or hire their own driving associates to operate the tractors) that service our customers. We pay these independent contractors for their services, based on a contracted rate per mile. By operating safely and productively, independent contractors can improve their own profitability and ours. Independent contractors are responsible for most costs incurred for owning and operating their tractors. In 2021, independent contractors comprised 8.7% of our total fleet, as measured by average tractor count.

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## **Safety and Insurance**

### **Safety**

We are committed to safe and secure operations. We conduct an intensive driver qualification process, including defensive driving training. We require prospective drivers to meet higher qualification standards than those required by the DOT, including extensive background checks and hair follicle drug testing. We regularly communicate with drivers to promote safety and instill safe work habits through effective use of various media and safety review sessions. We dedicate personnel and resources designed to ensure safe operation and regulatory compliance. We employ technology to assist us in managing risks associated with our business. We have event recorders in all of our tractors, which are used daily by drivers and operations leaders to provide feedback and coaching in regard to driving behaviors. In addition, we have an innovative recognition program for driver safety performance and emphasize safety through our equipment specifications and maintenance programs. Our Corporate Directors of Safety review all accidents and report weekly to leadership.

### **Insurance**

The primary claims arising in our business consist of auto liability, including personal injury, property damage, physical damage, and cargo loss. We self-insure for a significant portion of our claims exposure and related expenses. We also maintain insurance that covers our directors and officers for losses and expenses arising out of claims, based on acts or omissions in their capacities as directors or officers. While under dispatch and our operating authority, the independent contractors we contract with are covered by our liability coverage and self-insurance retention limits. However, each is responsible for physical damage to his or her own equipment, occupational accident coverage, and liability exposure while the truck is used for non-company purposes. Additionally, fleet operators are responsible for any applicable workers' compensation requirements for their employees.

We insure certain casualty risks through our wholly-owned captive insurance subsidiaries, Mohave and Red Rock. Mohave and Red Rock provide reinsurance associated with a share of our automobile liability risk. In addition to insuring a proportionate share of our corporate casualty risk, Mohave provides reinsurance to third-party insurance companies who provide insurance coverage for affiliated carriers and independent contractors.

Please refer to Note 12 in Part II, Item 8 of this Annual Report for more information about our insurance policies and self-insurance retention limits.

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## **Fuel**

We actively manage our fuel purchasing network in an effort to maintain adequate fuel supplies and reduce our Truckload and LTL fuel costs. Additionally, we utilize a fuel surcharge program to pass a majority of increases in fuel costs to our customers. In 2021, we purchased 15.1% of our fuel in bulk at our locations across the US and Mexico. We purchased substantially all of the remainder through a network of retail truck stops with which we have negotiated volume purchasing discounts. The volumes we purchase at terminals and through the fuel network vary



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based on procurement costs and other factors. We seek to reduce our fuel costs by routing our driving associates to truck stops when fuel prices at such stops are cheaper than the bulk rate paid for fuel at our terminals. We primarily store fuel in above-ground storage tanks at most of our other bulk fueling terminals. We believe that we are sufficiently in compliance with applicable environmental laws and regulations relating to the storage and dispensing of fuel.

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### Seasonality

See Note 1 in Part II, Item 8 in this Annual Report, regarding the impact of seasonality on our operations.

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### Environmental Regulation

#### General

We have bulk fuel storage and fuel islands at many of our terminals, as well as vehicle maintenance, repair, and washing operations at some of our facilities, which exposes us to certain environmental risks. Soil and groundwater contamination have occurred at some of our facilities in prior years, for which we have been responsible for remediating the environmental contamination. Also, a small percentage of our total shipments contain hazardous materials, which are generally rated as low to medium-risk, and subject us to a wide array of regulation. In the past, we have been responsible for the costs of clean-up of cargo and diesel fuel spills caused by traffic accidents or other events.

We have instituted programs to monitor and mitigate environmental risks and maintain compliance with applicable environmental laws governing the hauling, handling, and disposal of hazardous materials, fuel spillage or seepage, emissions from our vehicles and facilities, engine-idling, discharge and retention of storm water, and other environmental matters. As part of our safety and risk management program, we periodically perform internal environmental reviews. We are a Charter Partner in the EPA's SmartWay Transport Partnership, a voluntary program promoting energy efficiency and air quality. We believe that our operations are in material compliance with current laws and regulations and do not know of any existing environmental condition that would reasonably be expected to have a material adverse effect on our business or operating results.

If we are held responsible for the cleanup of any environmental incidents or conditions caused by our operations or business, or if we are found to be in violation of applicable laws or regulations, we could be subject to clean-up costs and other liabilities, including substantial fines, penalties and/or civil and criminal liability, any of which could have a material, adverse effect on our business and results of operations. We have paid penalties for spills and violations in the past; however, they have not been material to our financial results or position.

#### Greenhouse Gas ("GHG") Emissions and Fuel Efficiency Standards

**California ARB** — In 2008, the State of California's Air Resources Board ("ARB") approved the Heavy-Duty Vehicle GHG Emission Reduction Regulation in efforts to reduce GHG emissions from certain long-haul tractor-trailers that operate in California by requiring them to utilize technologies that improve fuel efficiency (regardless of where the vehicle is registered). The regulation, which became effective in 2010, required owners of long-haul tractors and 53-foot trailers to be EPA SmartWay certified or replace or retrofit their vehicles with aerodynamic technologies and low-rolling resistance tires. The regulation also contained certain emissions and registration standards for refrigerated trailers.

In February 2018, California's ARB approved California Phase 2 standards that generally align with the federal Phase 2 standards, with some minor additional requirements, and which would stay in place even if the federal Phase 2 standards are affected. In February 2019, the California Phase 2 standards became final.

In June 2020, ARB passed the Advanced Clean Trucks ("ACT") regulation, requiring original equipment manufacturers to begin shifting towards greater production of zero-emission heavy duty tractors starting in 2024. Under ACT, by 2045, every new tractor sold in California will need to be zero-emission. While ACT does not apply to those simply operating tractors in California, it could affect the cost and/or supply of traditional diesel tractors and may lead to similar legislation in other states or at the federal level.

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**EPA and NHTSA** — The EPA and the National Highway Traffic Safety Administration ("NHTSA") have begun taking coordinated steps in support of a new generation of clean vehicles and engines through reduced GHG emissions and improved fuel efficiency at a national level. In September 2011, the EPA finalized the Phase 1 federal regulations for controlling GHG emissions, related to efficient engines, use of auxiliary power units, mass reduction, low-rolling resistance tires, improved aerodynamics, improved transmissions, and reduced accessory loads.

- **Phase 2** — In August 2016, the EPA and NHTSA announced the final rule regarding Phase 2, which builds upon Phase 1, and would apply to certain trailer types beginning with model-year 2018 for EPA standards (voluntary for NHTSA standards through model-year 2020). Tractors and certain trailer types would be subject to the Phase 2 standards beginning with model-year 2021, increasing in stringency through model-year 2024, and phasing in completely by model-year 2027. This rule marks the first time federal mandates will be applied to trailers, with respect to aerodynamics and low-rolling resistance tires. The final rule was effective in December 2016, but has since been subject to challenges and delays. In October 2017, the EPA announced a proposal to repeal the Phase 2 Standards as they relate to gliders (which mix refurbished older components, including transmissions and pre-emission-rule engines, with a new frame, cab, steer axle, wheels, and other standard equipment), which proposal has not been resolved. Additionally, implementation of the Phase 2 Standards as they relate to trailers has been challenged in the US Court of Appeals for the District of Columbia. In November 2021, a panel for the US Court of Appeals for the District of Columbia ruled in favor of the association challenging the standards and vacated all portions of the Phase 2 Standards that applied to trailers. As a result, the Phase 2 Standards will only require reductions in emissions and fuel consumption for tractors. The Company's new tractor purchases in 2021 complied with the emission and fuel consumption reductions required by the Phase 2 Standards.

Even though the trailer provisions of the Phase 2 standards have been removed, we will still need to ensure the majority of our fleet is compliant with the California Phase 2 standards.

In January 2020, the EPA announced it is seeking input on reducing emissions of nitrogen oxides and other pollutants from heavy-duty trucks. The EPA anticipates taking final action on the new plan, commonly referred to as the "Cleaner Trucks Initiative," as soon as 2022. The EPA is targeting 2027 for these new standards to take effect and is also working on enacting more stringent greenhouse gas emission standards (beginning with model year 2030 vehicles) by the end of 2024.

Complying with these and any future GHG regulations enacted by California's ARB, the EPA, the NHTSA and/or any other state or federal governing body has increased and will likely continue to increase the cost of our new tractors, may increase the cost of new trailers, may require us to retrofit certain of our trailers, may increase our maintenance costs, and could impair equipment productivity and increase our operating costs, particularly if such costs are not offset by potential fuel savings. These adverse effects, combined with the uncertainty as to the reliability of the newly designed diesel engines and the residual values of our equipment, could materially increase our costs or otherwise adversely affect our business or operations. We cannot predict, however, the extent to which our operations and productivity will be impacted. We will continue monitoring our compliance with federal and state GHG regulations.

### **Climate-change Proposals**

Federal and state lawmakers are considering a variety of other climate-change proposals related to carbon emissions and GHG emissions. The proposals could potentially limit carbon emissions within certain states and municipalities, which continue to restrict the location and amount of time that diesel-powered tractors (like ours) may idle.

These restrictions could force us to purchase on-board power units that do not require the engine to idle or to alter our driving associates' behavior, which could result in a decrease in productivity, or increase in driving associate turnover.



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## Industry Regulation

Our operations are regulated and licensed by various federal, state, and local government agencies in North America, including the DOT, the FMCSA, and the US Department of Homeland Security, among others. Our company, as well as our driving associates and independent contractors, must comply with enacted governmental regulations regarding safety, equipment, and operating methods. Examples include regulation of equipment weight, equipment dimensions, driver hours-of-service, driver eligibility requirements, on-board reporting of operations, and ergonomics. The following discussion presents recently enacted federal, state, and local regulations that could have an impact on our operations.

### Moving Ahead for Progress in the 21st Century Bill

In July 2012, Congress passed the Moving Ahead for Progress in the 21<sup>st</sup> Century bill into law. Included was a provision that mandates electronic logging devices in commercial motor vehicles to record hours-of-service. Additionally, in response to the bill, a final rule related to entry-level driver training was passed in 2016, as well as amendments to the Drug and Alcohol Clearinghouse.

**ELD** — The ELD rule became effective in February 2016 and was phased in over a four-year period, with all drivers and carriers subject to the rule being required to use certified and registered ELDs that comply with the requirements of the ELD regulations by December 16, 2019.

**Commercial Driver's License Drug and Alcohol Clearinghouse** — In December 2016, the FMCSA amended the Federal Motor Carrier Safety Regulations to establish requirements of the Commercial Driver's License Drug and Alcohol Clearinghouse, a database under its administration containing information about violations of the FMCSA's drug and alcohol testing program for holders of commercial driver's licenses. The final rule became effective in January 2017, with a compliance date in January 2020. In December 2019, however, the FMCSA announced a final rule extending by three years the date for state driver's licensing agencies to comply with certain requirements. The December 2016 commercial driver's license rule required states to request information from the Clearinghouse about individuals prior to issuing, renewing, upgrading or transferring a commercial driver's license. This new action will allow states' compliance with the requirement, which was set to begin January 2020, to be delayed until January 2023. The compliance date of January 2020 remained in place for all other requirements set forth in the Clearinghouse final rule, however. Upon implementation, the rule may reduce the number of available drivers in an already constrained driver market. Pursuant to a new rule finalized by the FMCSA, effective November 2021, states are required to query the Clearinghouse when issuing, renewing, transferring, or upgrading a commercial driver's license and must revoke a driver's commercial driving privileges if such driver is prohibited from driving a motor vehicle for one or more drug or alcohol violations.

In September 2020, the Department of Health and Human Services ("DHHS") announced proposed mandatory guidelines to allow employers to drug test truck drivers and other federal workers for pre-employment and random testing using hair specimens. However, the proposal also requires a second sample using either urine or an oral swab test if a hair test is positive, if a donor is unable to provide a sufficient amount of hair for faith-based or medical reasons, or due to an insufficient amount or length of hair. DHHS indicated the two-test approach is intended to protect federal workers from issues that have been identified as limitations of hair testing, and related legal deficiencies identified in prior court cases. The American Trucking Associations ("ATA") has voiced concerns with the new guidelines, taking particular issue with the second sample requirement, which the ATA feels diminishes the value of hair testing. It is unclear if and when a final rule may be put in place. Any final rule may reduce the number of available drivers. We currently perform hair follicle testing and will continue to monitor any developments in this area to ensure compliance.

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**Entry-Level Driver Training** — In December 2016, the FMCSA established new minimum training standards which unified curriculum to be followed and completed by certain individuals applying for (or upgrading) a Class A or Class B commercial driver's license, or obtaining a hazardous materials, passenger, or school bus endorsement on their commercial driver's license. Such individuals are subject to the entry-level driver training requirements and must complete a prescribed curriculum of theory and behind-the-wheel instruction prior to taking the skills test. The final rule had an initial compliance date in February 2020. However, in May 2020, the FMCSA approved an interim rule delaying implementation of the final rule by two years, extending the compliance date to February 2022. Now that the rule is effective, training schools and other programs (including ours) are required to implement the prescribed curriculum and register with the FMCSA's Training Provider Registry to certify that their program meets the classroom and driving standards. We will also be required to comply with this rule in the course of operating our driving schools. The effect of these rules could result in a decrease in fleet production and driver availability or an increase in the time and expense required to operate or expand our driver training schools and programs (or both), any of which could adversely affect our business, operations or profitability.

The Infrastructure Investment and Jobs Act ("IIJA"), signed into law by President Biden in November 2021, also created an apprenticeship program for drivers younger than 21 to eventually qualify to drive commercial trucks in interstate commerce. The FMCSA announced the establishment of this apprenticeship program in January 2022 in an effort to help the industry's ongoing driver shortage. The program is open to 18 to 20-year-old drivers who already hold intrastate commercial driver's licenses and sets a strict training regimen for participating drivers and carriers to comply with. Motor carriers interested in participating must complete an application for participation and submit monthly data on an apprentice's driver activity, safety outcomes, and additional supporting information. It remains unclear whether any regulatory changes will stem from the apprenticeship program.

### **Hours-of-service**

From time to time, the FMCSA proposes and implements changes to regulations impacting hours-of-service. Such changes can negatively impact our productivity and affect our operations and profitability by reducing the number of hours per day or week our driving associates and independent contractors may operate and/or disrupting our network. No such changes are currently proposed. However, in August 2019, the FMCSA issued a proposal to make changes to its hours-of-service rules that would allow truck drivers more flexibility with their 30-minute rest break and with dividing their time in the sleeper berth. It also would extend by two hours the duty time for drivers encountering adverse weather and extend the shorthaul exemption by lengthening the drivers' maximum on-duty period from 12 hours to 14 hours. In June 2020 the FMCSA adopted a final rule substantially as proposed, which became effective September 2020. Certain industry groups have challenged these rules in court, which remain unresolved. Any future changes to hours-of-service regulations could materially and adversely affect our operations and profitability.

### **Safety and Fitness Ratings**

There are currently two methods of evaluating the safety and fitness of carriers: CSA, which evaluates and ranks fleets on certain safety-related standards by analyzing data from recent safety events and investigation results, and the DOT safety rating, which is based on an on-site investigation and affects a carrier's ability to operate in interstate commerce. Additionally, the FMCSA has proposed rules in the past that would change the methodologies used to determine carrier safety and fitness.

**DOT Safety Rating** — The DOT safety rating is currently the only safety measurement system that has a direct impact on a carrier's ability to operate in interstate commerce. Knight, Swift, and ACT currently have a satisfactory DOT safety rating, which is the best available rating under the current safety rating scale. If we were to receive a conditional or unsatisfactory DOT safety rating, it could adversely affect our business, as some of our existing customer contracts require a satisfactory DOT safety rating.

**CSA** — In December 2010, the FMCSA introduced CSA, an enforcement and compliance model that ranks on seven categories of safety-related data. The seven categories of safety-related data, currently include Unsafe Driving, Hours-of-Service Compliance, Driver Fitness, Controlled Substances/Alcohol, Vehicle Maintenance, Hazardous Materials Compliance, and Crash Indicator, (such categories known as "BASICS"). Carriers are grouped by category with other carriers that have a similar number of safety events (i.e. crashes, inspections, or violations) and carriers are ranked and assigned a rating percentile or score to prioritize them for interventions if they are above a certain threshold.

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Certain CSA scores were initially published and made available to the general public. However, in December 2015, as part of the Fixing America's Surface Transportation ("FAST") Act, Congress mandated that the FMCSA remove all CSA scores from public view until a more comprehensive study regarding the effectiveness of CSA improving truck safety could be completed. Although the FMCSA has since provided a report to Congress outlining the changes it may make to the CSA program, it remains unclear if, when, and to what extent any such changes will occur. However, any changes that increase the likelihood of us receiving unfavorable scores could adversely affect our results of operations and profitability.

In May 2020 the FMCSA announced that effective immediately it is making permanent a pilot program that will not count a crash in which a motor carrier was not at fault when calculating the carrier's safety measurement profile, called the Crash Preventability Demonstration Program ("CPDP"). The CPDP will expand the types of eligible crashes, modify the Safety Measurement System to exclude crashes with not preventable determinations from the prioritization algorithm and note the not preventable determinations in the Pre-Employment Screening Program.

CSA scores do not currently have a direct impact on a carrier's safety rating. However, the occurrence of unfavorable scores in one or more categories may affect driving associate recruiting and retention by causing qualified driving associates to seek employment with other carriers, cause our customers to direct their business away from us and to carriers with more favorable scores, subjecting us to an increase in compliance reviews and roadside inspections, or cause us to incur greater than expected expenses in our attempts to improve unfavorable scores, any of which could adversely affect our results of operations and profitability.

**Safety Fitness Determination** — In January 2016, the FMCSA published a Notice of Proposed Rulemaking ("NPRM") in the Federal Register, regarding carrier safety fitness determination. The NPRM proposed new methodologies that would have determined when a motor carrier was not fit to operate a commercial motor vehicle. Based on public feedback and other concerns raised by industry stakeholders, in March 2017, the FMCSA withdrew the NPRM related to the new safety rating system. In its notice of withdrawal, the FMCSA noted that a new rulemaking related to a similar process may be initiated in the future. Therefore, it is uncertain if, when, or under what form any such rule could be implemented. The FMCSA has also indicated that it is in the early phases of a new study on the causation of crashes. Although it remains unclear whether such a study will ultimately be completed, the results of such a study could spur further proposed and/or final rules in regards to safety and fitness.

### Speed Limiting Devices

In May 2021, the Cullum Owings Large Truck Safe Operating Speed Act was reintroduced into the US House of Representatives and would require commercial motor vehicles with a gross weight of more than 26,000 pounds to be equipped with a speed limiter that would limit the vehicle's speed to no more than 65 miles per hour. Whether this legislation will ultimately become law is uncertain. While we currently govern the speed of our company tractors below these limits, such legislation could result in a decrease in fleet production and driver availability, either of which could adversely affect our business or operations.

For safety, we electronically govern the speed of substantially all of our company tractors. Additionally, our independent contractor agreements include statements that independent contractors must comply with the Company's speed policy.

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### **Food Safety Modernization Act of 2011 ("FSMA")**

In April 2016, the Food and Drug Administration ("FDA") published a final rule establishing requirements for shippers, loaders, carriers by motor vehicle and rail vehicle, and receivers engaged in the transportation of food, to use sanitary transportation practices to ensure the safety of the food they transport as part of the FSMA. This rule sets forth requirements related to among other things, equipment used to transport food, measures taken during such transportation, personnel training, and record retention. These requirements took effect for larger carriers such as us in April 2017 and are also applicable when we perform as a carrier or as a broker. We believe we have been in compliance with these requirements since that time. However, if we are found to be in violation of applicable laws or regulations related to the FSMA, or if we transport food or goods that are contaminated or are found to cause illness and/or death, we could be subject to substantial fines, lawsuits, penalties and/or criminal and civil liability, any of which could have a material adverse effect on our business, financial condition, and results of operations.

As the FDA continues its efforts to modernize food safety, it is likely additional food safety regulations will take effect in the future. In July 2020, the FDA released its "New Era of Smarter Food Safety" blueprint, which creates a ten year roadmap to create a more digital, traceable and safer food system. This blueprint builds on the work done under the FSMA, and while it is still unclear what, if any, changes to the current governing framework may ultimately take effect, further regulation in this area could negatively affect our business by increasing our compliance obligations and related expenses going forward.

### **Legislation Regarding Independent Contractors**

Tax and other regulatory authorities have sought in the past to assert that independent contractors in the trucking industry are employees rather than independent contractors. Federal legislators continue to introduce legislation concerning the classification of independent contractors as employees, including legislation that proposes to increase the tax and labor penalties against employers who intentionally or unintentionally misclassify employees as independent contractors and are also found to have violated employees' overtime or wage requirements. Most recently, the Protecting the Rights to Organize ("PRO") Act was passed by the US House of Representatives and received by the US Senate in March 2021, and remains with the Senate's Committee on Health, Education, Labor, and Pensions. The PRO Act proposes to apply the "ABC Test" for classifying workers under Federal Fair Labor Standards Act claims. It is unknown whether the proposed legislation will become law as currently written or whether any resulting law will include industry-based exemptions. Additionally, federal legislators have sought to:

- abolish the current safe harbor allowing taxpayers meeting certain criteria to treat individuals as independent contractors if they are following a long-standing, recognized practice,
- extend the FLSA to independent contractors, and
- impose notice requirements based upon employment or independent contractor status and fines for failure to comply.

Some states have adopted initiatives to increase their revenues from items such as unemployment, workers' compensation, and income taxes, and we believe a reclassification of independent contractors as employees would help states with this initiative. Federal and state taxing and other regulatory authorities and courts apply a variety of standards in their determination of independent contractor status.

Recently, courts in certain states have issued decisions that could result in a greater likelihood that independent contractors would be judicially classified as employees in such states. Further, class actions and other lawsuits have been filed against us and other members of our industry seeking to reclassify independent contractors as employees for a variety of purposes, including workers' compensation and health care coverage. Our defense of such class actions and other lawsuits has not always been successful, and we have been subject to adverse judgments with respect to such matters. In addition, carriers such as us that operate or have operated lease-purchase programs have been more susceptible to lawsuits seeking to reclassify independent contractors that have engaged in such programs. If our independent contractors were determined to be our employees, we would incur additional exposure under federal and state tax, workers' compensation, unemployment benefits, labor, employment, and tort laws, which could potentially include prior periods, as well as potential liability for employee benefits and tax withholdings. We currently observe and monitor our compliance with current related and applicable laws and regulations, but we cannot predict whether future laws and regulations, judicial decisions, or settlements regarding the classification of independent contractors will adversely affect our business or operations.

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In September 2019, California enacted A.B. 5 ("AB5"), a new law that changed the landscape of the state's treatment of employees and independent contractors. AB5 provides that the three-pronged "ABC Test" must be used to determine worker classification in wage-order claims. Under the ABC Test, a worker is presumed to be an employee and the burden to demonstrate their independent contractor status is on the hiring company through satisfying all three of the following criteria:

- the worker is free from control and direction in the performance of services;
- the worker is performing work outside the usual course of the business of the hiring company;
- the worker is customarily engaged in an independently established trade, occupation, or business.

How AB5 will be enforced is still to be determined. In January 2021, the California Supreme Court ruled that the ABC Test could apply retroactively to all cases not yet final as of the date the original decision was rendered, April 30, 2018. While it was set to go into effect in January 2020, a federal judge in California issued a preliminary injunction barring the enforcement of AB5 on the trucking industry while the California Trucking Association ("CTA") moves forward with its suit seeking to invalidate AB5. The Ninth Circuit Court of Appeals rejected the reasoning behind the injunction in April 2021, ruling that AB5 is not pre-empted by federal law, but granted a stay of the AB5 mandate in June 2021, preventing its application and temporarily continuing the injunction, while the CTA petitioned the US Supreme Court to review the decision. In November 2021, the US Supreme Court requested that the US solicitor general weigh in on the case. The injunction will remain in place until the US Supreme Court makes a decision on whether to hear the case. While the stay of the AB5 mandate provides temporary relief to the enforcement of AB5, it remains unclear how long such relief will last, and whether the CTA will ultimately be successful in invalidating the law. It is also possible AB5 will spur similar legislation in states other than California, which could adversely affect our results of operations and profitability.

### State Wage and Hour Legislation

In December 2018, the FMCSA granted a petition filed by the American Trucking Associations and in doing so determined that federal law does preempt California's wage and hour laws, and interstate truck drivers are not subject to such laws. The FMCSA's decision has been appealed by labor groups and multiple lawsuits have been filed in federal courts seeking to overturn the decision. In January 2021, the Ninth Circuit Court of Appeals upheld the FMCSA's determination that federal law does preempt California's meal and rest break laws, as applied to drivers of property-carrying commercial motor vehicles. Other current and future state and local wage and hour laws, including laws related to employee meal breaks and rest periods, may also vary significantly from federal law. Further, driver piece rate compensation, which is an industry standard, has been attacked as non-compliant with state minimum wage laws. Both of these issues are adversely impacting the Company and the industry as a whole, with respect to the practical application of the laws, thereby resulting in additional cost. As a result, we are subject to an uneven patchwork of wage and hour laws throughout the US. If federal legislation is not passed preempting state and local wage and hour laws, we will either need to comply with the most restrictive state and local laws across our entire fleet, or revise our management systems to comply with varying state and local laws. Either solution could result in increased compliance costs, increased driver turnover, decreased efficiency, and amplified legal exposure.

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## Other Regulation

### Executive Order

President Biden has indicated his intent to make a green infrastructure package a top priority for his administration. Any measure in furtherance thereof could draw from the Build Back Better Act (the "BBB"), which passed the US House of Representatives, but is facing resistance in the US Senate. As currently proposed, the BBB would impact transportation by allocating funds to address various industry related issues such as port congestion and traffic safety enforcement. The BBB also promotes several low-emission programs, transit services and clean energy projects, as well as funding for climate change research. It is unclear whether these legislative initiatives will be signed into law and what changes they may undergo. However, adoption and implementation could negatively impact our business by increasing our compliance obligations and related expenses. President Biden also has indicated an intention to make substantial changes to the current US tax laws during his administration, including changes to the way capital gains are treated. Any changes to US tax laws may have an adverse impact on our business and profitability.

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### **Infrastructure Investment and Jobs Act ("IIJA")**

The IIJA was signed into law by President Biden in November 2021. The roughly \$1.2 trillion bill contains an estimated \$550 billion in new spending, which will impact transportation. In particular, it dedicates more than \$100 billion for surface transportation networks and roughly \$66 billion for freight and passenger rail operations. Among provisions in the law specific to trucking is the aforementioned apprenticeship program for drivers younger than 21. It remains unclear how the IIJA will be implemented into and affect our industry. The IIJA may result in increased compliance and implementation related expenses, which could have a negative impact on our operations.

### **US-Mexico-Canada Agreement**

The US-Mexico-Canada Agreement ("USMCA") was entered into effect in July 2020. The USMCA is designed to modernize food and agriculture trade, advance rules of origin for automobiles and trucks, and enhance intellectual property protections, among other matters, according to the Office of the US Trade Representative. It is difficult to predict at this stage what could be the impact of the USMCA on the economy, including the transportation industry. However, given the amount of North American trade that moves by truck, it could have a significant impact on supply and demand in the transportation industry, and could adversely impact the amount, movement, and patterns of freight we transport.

### **Regulatory Impacts from COVID-19**

Given COVID-19's considerable effect on the transportation industry, the FMCSA issued and extended various temporary responsive measures. Although, to date, these measures have largely been enacted in order to assist industry participants in operating under adverse circumstances, any further responsive measures remain unclear and could have a negative impact on our operations.

In November 2021 the US Department of Labor's Occupational Safety and Health Administration ("OSHA") published an emergency temporary standard (the "Emergency Rule") requiring all employers with at least 100 employees to ensure that their employees are fully vaccinated or require any employees who remain unvaccinated to produce a negative COVID-19 test result on at least a weekly basis before coming to work. The Emergency Rule has been blocked by the US Supreme Court. Effective January 2022, the US is prohibiting unvaccinated foreign citizens from crossing the US-Mexico border and US-Canada border. Furthermore, effective January 2022, Canada is prohibiting unvaccinated foreign citizens, including US citizens, from crossing their border. These border requirements, as well as any future vaccination, testing or mask mandates that are allowed to go into effect, could, among other things, (i) cause our unvaccinated employees (particularly our unvaccinated driving associates) to go to smaller employers, if such employers are not subject to future mandates, or leave the trucking industry, (ii) result in logistical issues, increased expenses, and operational issues from arranging for weekly tests of our unvaccinated employees, especially our unvaccinated driving associates, (iii) result in increased costs for recruiting and retention of driving associates, including the cost of weekly testing, and (iv) result in decreased revenue if we are unable to recruit and retain driving associates. Any vaccination, testing or mask mandates that are interpreted as applying to driving associates would significantly reduce the pool of driving associates available to us and our industry, which would further impact the extreme shortage of available driving associates. Accordingly, any vaccination, testing or mask mandates, if allowed to go into effect, could have a material adverse effect on our business, financial condition, and results of operations.

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### **Available Information**

General information about the Company is provided, free of charge, regarding Knight at [www.knighttrans.com](http://www.knighttrans.com) and regarding Swift at [www.swifttrans.com](http://www.swifttrans.com). These websites also include links to Knight-Swift's investor site, <http://investor.knight-swift.com>, which includes our annual reports on Form 10-K with accompanying XBRL documents, quarterly reports on Form 10-Q with accompanying XBRL documents, current reports on Form 8-K with accompanying XBRL documents, and amendments to those reports that are filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as reasonably practicable once the material is electronically filed or furnished to the SEC. The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at [www.sec.gov](http://www.sec.gov).



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### ITEM 1A. RISK FACTORS

When evaluating our company, the following risks should be considered in conjunction with the other information contained in this Annual Report. If we are unable to mitigate and/or are exposed to any of the following risks in the future, then there could be a material, adverse effect on our business, results of operations, or financial condition.

Our risks are grouped into the following risk categories:			
Strategic	Operational	Compliance	Financial
*Industry and Competition	*Company Growth	*Trucking Industry Regulation	*Capital Requirements
*Market Changes	*Employees	*Environmental Regulation	*Debt
*Macroeconomic Changes	*Independent Contractors	*Insurance Regulation	*Investments
*Mergers and Acquisitions	*Vendors and Suppliers	*ESG	*Goodwill and Intangibles
*International Operations	*Customers		
	*Information Systems		
	*COVID-19		

### Strategic Risk

***Our business is subject to economic, credit, business, and regulatory factors that are largely beyond our control, any of which could have a materially adverse effect on our results of operations.***

The full truckload, LTL, intermodal, and brokerage industries are highly cyclical, and our business is dependent on a number of factors that may have a materially adverse effect on our results of operations, many of which are beyond our control.

Economic conditions that decrease shipping demand or increase the supply of available tractors and trailers can exert downward pressure on rates and equipment utilization, thereby decreasing asset productivity. The risks associated with these factors are heightened when the US economy is weakened. During such times, we may experience a reduction in overall freight levels and freight patterns may change as supply chains are redesigned, resulting in an imbalance between our capacity and our customers' freight demands.

We cannot predict future economic conditions, fuel price fluctuations, cost increases, revenue equipment resale values, or how consumer confidence, macroeconomic conditions, or production capabilities, could be affected by armed conflicts or terrorist attacks, government efforts to combat terrorism, military action against a foreign state or group located in a foreign state, or heightened security requirements. Enhanced security measures in connection with such events could impair our operating efficiency and productivity and result in higher operating costs.

***We operate in a highly competitive and fragmented industry, and numerous competitive factors could limit growth opportunities and could have a materially adverse effect on our results of operations.***

We operate in a highly competitive industry. The following factors could limit our growth opportunities and have a materially adverse effect on our results of operations:

- many of our competitors periodically reduce their freight rates to gain business, especially during times of reduced growth rates in the economy, which may limit our ability to maintain or increase freight rates or maintain or grow profitability of our business;
- some of our customers operate their own private trucking fleets and they may decide to transport more of their own freight;
- competition from non-asset-based and other logistics and freight brokerage companies may adversely affect our customer relationships and freight rates;
- advances in technology may require us to increase investments in order to remain competitive, and our customers may not be willing to accept higher freight rates to cover the cost of these investments; and
- our brand names are valuable assets that are subject to the risk of adverse publicity (whether or not justified), which could result in the loss of value attributable to our brand and reduced demand for our services.

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***Increased prices for new revenue equipment, design changes of new engines, decreased availability of new revenue equipment, future use of autonomous trucks, and the failure of manufacturers to meet their sale or trade-back obligations to us could have a materially adverse effect on our business, financial condition, results of operations, and profitability.***

We are subject to risk with respect to higher prices for new equipment for our full truckload and LTL operations. We have experienced an increase in prices for new tractors over the past few years, a significant increase in costs in recent quarters, and the resale value of the tractors has not increased to the same extent. Increased regulation has increased the cost of our new tractors and could impair equipment productivity, in some cases, resulting in lower fuel mileage, and increasing our operating expenses. Future use of autonomous tractors could increase the price of new tractors and decrease the value of used, non-autonomous tractors. We expect to continue to pay increased prices for equipment and incur additional expenses for the foreseeable future.

Furthermore, a decrease in vendor output may have a materially adverse effect on our ability to purchase a quantity of new revenue equipment that is sufficient to sustain our desired growth rate and to maintain a late-model fleet.

Tractor and trailer vendors may reduce their manufacturing output in response to lower demand for their products in economic downturns or shortages of component parts. Currently, tractor and trailer manufacturers are experiencing significant shortages of semiconductor chips and other component parts and supplies, including steel, forcing many manufacturers to curtail or suspend their production, which has led to a lower supply of tractors and trailers, higher prices, and lengthened trade cycles, which could have a material adverse effect on our business, financial condition, and results of operations, particularly our maintenance expense and driver retention.

We have certain revenue equipment leases and financing arrangements with balloon payments at the end of the lease term equal to the residual value we are contracted to receive from certain equipment manufacturers upon sale or trade back to the manufacturers. If we do not purchase new equipment that triggers the trade-back obligation, or the equipment manufacturers do not pay the contracted value at the end of the lease term, we could be exposed to losses equal to the excess of the balloon payment owed to the lease or finance company over the proceeds from selling the equipment on the open market.

We have trade-in and repurchase commitments that specify, among other things, what our primary equipment vendors will pay us for disposal of a substantial portion of our revenue equipment. The prices we expect to receive under these arrangements may be higher than the prices we would receive in the open market. We may suffer a financial loss upon disposition of our equipment if these vendors refuse or are unable to meet their financial obligations under these agreements.

***Declines in demand for our used revenue equipment could result in decreased equipment sales, resale values, and gains on sales of assets.***

We are sensitive to the used equipment market and fluctuations in prices and demand for tractors and trailers. The market for used equipment is affected by several factors, including the demand for freight, the supply of new and used equipment, the availability of financing, the presence of buyers for export to foreign countries, and commodity prices for scrap metal. Declines in demand for the used equipment we sell could result in diminished sales volumes or lower used equipment sales prices, either of which could negatively affect our gains on sales of assets.

***If fuel prices increase significantly, our results of operations could be adversely affected.***

Our full truckload and LTL operations are dependent upon diesel fuel, and accordingly, significant increases in diesel fuel costs could materially and adversely affect our results of operations and financial condition if we are unable to pass increased costs on to customers through rate increases or fuel surcharges.

Fuel is subject to regional pricing differences and often costs more on the West Coast and in the Northeast, where we have significant operations. While we use a fuel surcharge program to recapture a portion of the increases in fuel prices it does not protect us against the full effect of increases in fuel prices. Because our fuel surcharge recovery lags behind changes in fuel prices, our fuel surcharge recovery may not capture the increased costs we pay for fuel, especially when prices are rising. Our results of operations would be negatively affected and more volatile to the extent we cannot recover higher fuel costs or fail to improve our fuel price protection through our fuel



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surcharge program. Additionally, a shortage or rationing of diesel fuel, could materially and adversely affect our results of operations.

### ***We are subject to certain risks arising from doing business in Mexico.***

We have growing operations in Mexico, through our wholly-owned subsidiary, Trans-Mex, which subjects us to general international business risks, including:

- foreign currency fluctuation;
- changes in Mexico's economic strength;
- difficulties in enforcing contractual obligations and intellectual property rights;
- burdens of complying with a wide variety of international and US export, import, business procurement, transparency, and corruption laws, including the US Foreign Corrupt Practices Act;
- changes in trade agreements and US-Mexico relations;
- theft or vandalism of our revenue equipment; and
- social, political, and economic instability.

### ***We may not make acquisitions in the future, or if we do, we may not be successful in our acquisition strategy.***

Historically, acquisitions have been a part of our growth strategy. There is no assurance that we will be successful in identifying, negotiating, or consummating any future acquisitions. If we do not make any future acquisitions, our growth rate could be materially and adversely affected. Any future acquisitions we undertake could involve issuing dilutive equity securities or incurring indebtedness. In addition, acquisitions involve numerous risks, any of which could have a materially adverse effect on our business and results of operations, including:

- the acquired company may not achieve anticipated revenue, earnings, or cash flow;
- we may assume liabilities beyond our estimates or what was disclosed to us;
- we may be unable to successfully assimilate or integrate the acquired company's operations or assets into our business and realize the anticipated economic, operational, and other benefits in a timely manner, which could result in substantial costs and delays or other operational, technical, or financial problems;
- transaction costs and acquisition-related integration costs could adversely affect our results of operations in the period in which such costs are recorded;
- diverting our management's attention from other business concerns;
- risks of entering into new markets or business offerings in which we have had no or only limited prior experience; and
- the potential loss of customers, key employees, or driving associates of the acquired company.

### ***Our acquisition of ACT presents certain additional risks to our business and operations.***

On July 5, 2021, we acquired ACT, a leading LTL carrier that also offers dedicated contract carriage and ancillary services. The acquisition presents certain additional risks to our business and operations, including, among other things:

- prior to the acquisition of ACT, our management team had limited experience with LTL operations and therefore may be challenged in managing the LTL operations, particularly if there were a loss of the ACT management team;
- LTL operations are more capital intensive than full truckload operations, including the need for additional terminals and types of equipment;
- LTL operations require more human capital than full truckload operations, including the need for dock employees and maintenance technicians, both of which are difficult to recruit and retain given the tight labor market;
- potential adverse reactions or changes to business relationships resulting from the completion of the acquisition, including potential breakdown of alliances between ACT and its capacity providers that are needed to meet customer requirements; and
- increased workers' compensation incidence rates generally associated with LTL operations.

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## Operational Risk

***We may not grow substantially in the future and we may not be successful in sustaining or improving our profitability.***

There is no assurance that in the future, our business will grow substantially or without volatility, nor can we assure you that we will be able to effectively adapt our management, administrative, and operational systems to respond to any future growth. Furthermore, there is no assurance that our operating margins will not be adversely affected by future changes in and expansion of our business or by changes in economic conditions or that we will be able to sustain or improve our profitability in the future.

Furthermore, the continued progression and development of new business offerings are subject to risks, including, but not limited to:

- initial unfamiliarity with pricing, service, operational, and liability issues;
- customer relationships may be difficult to obtain or we may have to reduce rates to gain and develop customer relationships;
- specialized equipment and information and management systems technology may not be adequately utilized;
- insurance and claims may exceed our past experience or estimations; and
- we may be unable to recruit and retain qualified personnel and management with requisite experience or knowledge of our logistics services, and other developing service offerings.

***We derive a significant portion of our revenues from our major customers, the loss of one or more of which could have a materially adverse effect on our business.***

A significant portion of our operating revenue is generated from a number of major customers, the loss of one or more of which could have a materially adverse effect on our business. Refer to Part I, Item 1, "Business" for information regarding our customer concentrations. Aside from our dedicated operations, we generally do not have long-term contractual relationships or rate agreements or minimum volume guarantees with our customers. There is no assurance any of our customers will continue to utilize our services, renew our existing contracts, continue at the same volume levels, or not seek to modify terms of existing contracts. A reduction in or termination of our services by one or more of our major customers could have a materially adverse effect on our business, financial condition, and results of operations.

Retail and discount retail customers account for a substantial portion of our freight. Accordingly, our results may be more susceptible to trends in unemployment and retail sales than carriers that do not have this concentration.

In addition, our customers' financial difficulties could negatively impact our results of operations and financial condition, especially if these customers were to delay or default on payments to us. For our multi-year and dedicated contracts, the rates we charge may not remain advantageous. Further, despite the existence of contractual arrangements, certain of our customers may nonetheless engage in competitive bidding processes that could negatively impact our contractual relationship.

***We depend on third-party capacity providers, and service instability from these transportation providers could increase our operating costs and reduce our ability to offer intermodal and brokerage services, which could adversely affect our revenue, results of operations, and customer relationships.***

Our intermodal operations use railroads and some third-party drayage carriers to transport freight for our customers, and intermodal dependence on railroads could increase as intermodal services expand. In certain markets, rail service is limited to a few railroads or even a single railroad. Intermodal providers have experienced poor service from providers of rail-based services in the past. Our ability to provide intermodal services in certain traffic lanes would be reduced or eliminated if the railroads' services became unstable. Railroads could reduce their services in the future, which could increase the cost of the rail-based services we provide and could reduce the reliability, timeliness, efficiency, and overall attractiveness of our rail-based intermodal services. Furthermore, price increases could result in higher costs to us, which we may be unable to pass on to our customers and could result in the reduction or elimination of our ability to offer intermodal services. In addition, we may not be able to negotiate additional contracts with railroads to expand our capacity, add additional routes, obtain multiple providers, or obtain railroad services at current cost levels, any of which could limit our ability to provide this service.

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Our logistics operations are dependent upon the services of third-party capacity providers, including other truckload capacity providers. These third-party providers may seek other freight opportunities and may require increased compensation in times of improved freight demand or tight full truckload and LTL capacity. Most of our third-party capacity provider transportation services contracts are cancelable on 30 days' notice or less. If we are unable to secure the services of these third-parties, or if we become subject to increases in the prices we must pay to secure such services, and we are not able to obtain corresponding customer rate increases, our business, financial condition, and results of operations may be materially adversely affected.

### ***Insurance and claims expenses could significantly reduce our earnings.***

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

Although we believe our aggregate insurance limits should be sufficient to cover reasonably expected claims, it is possible that the amount of one or more claims could exceed our aggregate coverage limits. If any claim were to exceed our coverage, we would bear the excess, in addition to our other self-insured amounts. Furthermore, insurance carriers have raised premiums for many businesses, including transportation companies.

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

### ***Insuring risk through our captive insurance companies could adversely impact our operations.***

We insure certain affiliated risks through our captive insurance company, Mohave and through our risk retention group, Red Rock. Additionally, Mohave provides reinsurance to third-party insurance companies for affiliated risks insured by those third-party insurance companies. Red Rock insures a share of our automobile liability risk. The insurance and reinsurance markets are subject to market pressures. Our captive insurance companies' abilities or needs to access the reinsurance markets may involve the retention of additional risk, which could expose us to volatility in claims expenses.

Our captive insurance companies are regulated by state authorities. State regulations generally provide protection to policy holders, rather than stockholders. These regulations may increase our costs of regulatory compliance, limit our ability to change premiums, restrict our ability to access cash held in our captive insurance companies, and otherwise impede our ability to take actions we deem advisable.

In the future, we may continue to insure our automobile liability risk through our captive insurance subsidiaries, which will cause increases in the required amount of our restricted cash or other collateral, such as letters of credit. Significant increases in the amount of collateral required by third-party insurance carriers and regulators would reduce our liquidity.

### ***If we are unable to recruit, develop, and retain our key employees, our business, financial condition, and results of operations could be adversely affected.***

We are highly dependent upon the services of certain key employees and we believe their valuable knowledge about the trucking industry and relationships with our key customers and vendors would be difficult to replicate. We currently do not have employment agreements with our key employees, and the loss of any of their services or inadequate succession planning could negatively impact our operations and future profitability.

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***Increases in driving associate compensation or difficulties attracting and retaining qualified driving associates could have a materially adverse effect on our profitability and the ability to maintain or grow our fleet.***

Difficulty in attracting and retaining sufficient numbers of qualified driving associates, independent contractors, and third-party capacity providers, could have a materially adverse effect on our growth and profitability. The full truckload and LTL transportation industries are subject to a shortage of qualified driving associates. Such shortage is exacerbated during periods of economic expansion, in which there may be alternative employment opportunities, or during periods of economic downturns, in which unemployment benefits might be extended and financing is limited for independent contractors who seek to purchase equipment or for students who seek financial aid for driving school. Furthermore, capacity at driving schools may be limited by COVID-19-related social distancing requirements. Vaccination, testing, and mask mandates may reduce the pool of potential drivers. Regulatory requirements could further reduce the number of eligible driving associates. We believe our employee screening process, which includes extensive background checks and hair follicle drug testing, is more rigorous than generally employed in our industry and has decreased the pool of qualified applicants available to us. Our inability to engage a sufficient number of driving associates and independent contractors may negatively affect our operations. Further, our driving associate compensation and independent contractor expenses are subject to market conditions and we may find it necessary to increase driving associate and independent contractor contracted rates in future periods.

In addition, we suffer from a high turnover rate of driving associates and independent contractors. This high turnover rate requires us to spend significant resources on recruiting and retention.

***Our arrangements with independent contractors expose us to risks that we do not face with our company driving associates.***

Our financing subsidiaries offer financing to some of the independent contractors we contract with to purchase or lease tractors from us. If these independent contractors default or experience a lease termination in conjunction with these agreements and we cannot replace them, we may incur losses on amounts owed to us. Also, if liquidity constraints or other restrictions prevent us from providing financing to the independent contractors we contract with in the future, then we could experience a shortage of independent contractors.

Our lease contracts with independent contractors are governed by federal leasing regulations, which impose specific requirements on us and the independent contractors. In the past, we have been the subject of lawsuits, alleging violations of lease agreements or failure to follow the contractual terms, some of which resulted in adverse decisions against the Company. We could be subjected to similar lawsuits and decisions in the future, which if determined adversely to us, could have an adverse effect on our financial condition.

***We are dependent on management information and communications systems and other information technology assets (including the data contained therein), and a significant systems disruption or failure in the foregoing, including those caused by cybersecurity breaches, could adversely affect our business.***

Our business depends on the efficient, stable, and uninterrupted operation of our management information and communications systems and other information technology assets (including the data contained therein). Our management information and communication systems are used in various aspects of our business. If any of our critical information or communications systems fail or become unavailable, it could temporarily affect the efficiency and effectiveness of our operations. Our operations and those of our providers are vulnerable to interruption by natural disasters, such as fires, storms, and floods, which may increase in frequency and severity due to climate change. We are also vulnerable to interruption by power loss, telecommunications failure, cyber-attacks, terrorist attacks, internet failures, and other events beyond our control. Our business and operations could be adversely affected in the event of a system failure, disruption, or security breach that causes a delay, interruption, or impairment of our services and operations.

We receive and transmit confidential data in the normal course of business. Despite our implementation of safeguards, our information and communication systems are vulnerable to disruption, unauthorized access and viewing, misappropriation, altering, or deleting of information. A security breach could damage our business operations and reputation and could cause us to incur costs associated with repairing our systems, increased security, customer notifications, lost operating revenue, litigation, regulatory action, and reputational damage.

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***Some of our employees work remotely, which may increase the cybersecurity risks to our business, including an increased demand for information technology resources, increased risk of phishing, and other cybersecurity attacks.***

We have, and will continue to have, a portion of our employee population that works from home full-time or under flexible work arrangements, and we have provided associates with expanded remote network access options which enable them to work outside of our corporate infrastructure and, in some cases, use their own personal devices, which exposes us to additional cybersecurity risks. Our employees working remotely may expose us to cybersecurity risks through: (i) unauthorized access to sensitive information as a result of increased remote access, including our employees' use of Company-owned and personal devices and videoconferencing functions and applications to remotely handle, access, discuss, or transmit confidential information, (ii) increased exposure to phishing and other scams as cybercriminals may, among other things, install malicious software on our systems and equipment and access sensitive information, and (iii) violation of international, federal, or state-specific privacy laws. We believe that the increased number of employees working remotely has incrementally increased our cyber risk profile, but we are unable to predict the extent or impacts of those risks at this time. A significant disruption of our information technology systems, unauthorized access to or loss of confidential information, or legal claims resulting from our violation of privacy laws could each have a material adverse effect on our business.

***Seasonality and the impact of weather and other catastrophic events could have a materially adverse effect on our results of operations and profitability or make our results of operations and profitability more volatile.***

"Seasonality" in Part I, Item 1 of this Annual Report, discusses in detail how seasonality and weather could impact our operations.

***Our business and results of operations have been and will be, and our financial condition may be, impacted by the outbreak of COVID-19 or other similar outbreaks, and such impact could be materially adverse, during the pandemic or after the pandemic subsides.***

The global spread of COVID-19, including its variants, has created, and any other outbreaks of similar contagious diseases or other adverse public health developments could create, significant volatility, uncertainty and economic disruption. We have experienced an increase in absences among our driver and non-driver personnel due to the outbreak of COVID-19. Our operations, particularly in areas of increased COVID-19 infections could be disrupted. Furthermore, government vaccine, testing, and mask mandates could increase our turnover and make recruiting more difficult, particularly among our driver personnel. "Other Regulation" in Part I, Item 1 of this Annual Report, discusses in detail COVID-19 vaccination, testing, and mask mandates. Negative financial results, operational disruptions, driver and non-driver absences, uncertainties in the market, and a tightening of credit markets, caused by COVID-19, other similar outbreaks, or a recession, could have a material adverse effect on our liquidity, reduce credit options available to us, and adversely impact our ability to effectively meet our short- and long-term obligations.

The COVID-19 outbreak has caused uncertainty in the economy. Risks related to an economic slowdown or recession are described in our risk factor titled "Our business is subject to economic, credit, business, and regulatory factors that are largely beyond our control, any of which could have a materially adverse effect on our results of operations."

Developments related to COVID-19 have been unpredictable and the extent to which further developments could impact our operations, financial condition, liquidity, results of operations, and cash flows is highly uncertain. Such developments may include the duration of the virus, the distribution and availability of vaccines, vaccine hesitancy, the severity of the disease, and the actions that may be taken by various governmental authorities and other third parties in response to the pandemic.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

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## Compliance Risk

***We operate in a highly regulated industry, and changes in existing regulations or violations of existing or future regulations could have a materially adverse effect on our operations and profitability.***

We, our drivers, and our equipment are regulated by the DOT, the EPA, the DHS, and other state and federal agencies in the states, provinces, and countries in which we operate. Future laws and regulations or changes to existing laws and regulations may be more stringent, require changes in our operating practices, influence the demand for transportation services, or require us to incur significant additional costs, which could materially adversely affect our business, financial condition, and results of operations.

"Industry Regulation" in Part I, Item 1 of this Annual Report, discusses in detail industry regulations that could materially impact our business, financial condition, and operations.

***Receipt of an unfavorable DOT safety rating or an unfavorable ranking under the CSA program could have a material adverse effect on our profitability and operations.***

If we received a conditional or unsatisfactory DOT safety rating or an unfavorable ranking under the CSA program, it could lead to increased risk of liability, increased insurance, maintenance and equipment costs, and potential loss of customers, which could materially adversely affect our business, financial condition, and results of operations.

"Industry Regulation" in Part I, Item 1 of this Annual Report, provides discussion of the DOT safety rating system and the CSA program.

***Compliance with various environmental laws and regulations to which our operations are subject may increase our costs of operations, and non-compliance with such laws and regulations could result in substantial fines or penalties.***

We are subject to various environmental laws and regulations. We have instituted programs to monitor and control environmental risks and promote compliance with applicable environmental laws and regulations; however, in the event of any of the following, we could be subject to clean-up costs and liabilities, including substantial fines or penalties or civil and criminal liability, any of which could have a materially adverse effect on our business and results of operations:

- we are involved in a spill or other accident involving hazardous substances;
- there are releases of hazardous substances we transport;
- soil or groundwater contamination is found at our facilities or results from our operations; and
- we are found to be in violation of or fail to comply with applicable environmental laws or regulations, then we fail to comply with such laws and regulations.

Certain of our terminals are located on or near environmental Superfund sites designated by the EPA and/or state environmental authorities. We have not been identified as a potentially responsible party with regard to any such site. Nevertheless, we could be deemed responsible for clean-up costs.

In addition, tractors and trailers used in our full truckload and LTL operations are affected by laws and regulations related to air emissions and fuel efficiency. "Environmental Regulation" in Part I, Item 1 of this Annual Report, provides a discussion of the environmental laws and regulations applicable to our business and operations.

## KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

### ***Developments in labor and employment law and any unionizing efforts by employees could have a materially adverse effect on our results of operations.***

Although our only collective bargaining agreement exists at our Mexican subsidiary, Trans-Mex, we always face the risk that our employees will try to unionize. If we entered into a collective bargaining agreement with our domestic employees, it could have a material adverse effect on our business, customer retention, financial condition, results of operations, and liquidity, and could cause significant disruption of, or inefficiencies in, our operations, because:

- restrictive work rules could hamper our ability to improve or sustain operating efficiency or could impair our service reputation and limit our ability to provide certain services;
- a strike or work stoppage could negatively impact our profitability and could damage customer and employee relationships;
- shippers may limit their use of unionized companies because of the threat of strikes and other work stoppages;
- unionization of any of our operations could lead to pressure on our LTL and full truckload employees to unionize;
- collective agreements could result in material increases in wages and benefits; and
- an election and bargaining process could divert management's time and attention from our overall objectives and impose significant expenses.

If the independent contractors we contract with were ever re-classified as employees, the magnitude of this risk would increase. "Industry Regulation" in Part I, Item 1 of this Annual Report, provides discussion of labor and employment laws applicable to our business and operations.

### ***If our independent contractors are deemed by regulators or the judicial process to be employees, our business, financial condition, and results of operations could be adversely affected.***

Tax and other regulatory authorities, as well as independent contractors themselves, have increasingly asserted that independent contractors in the trucking industry are employees rather than independent contractors. Carriers such as us that operate or have operated lease-purchase programs have been more susceptible to lawsuits seeking to reclassify independent contractors that have engaged in such programs. If the independent contractors we engage were determined to be our employees, we would incur additional exposure under federal and state tax, workers' compensation, unemployment benefits, labor, employment, insurance, discrimination, and tort laws, including for prior periods, as well as potential liability for employee benefits and tax withholdings. Furthermore, if independent contractors were deemed employees, then certain of our third-party revenue sources, including shop and insurance margins, would be eliminated. "Industry Regulation" in Part I, Item 1 of this Annual Report, provides discussion of legislation regarding independent contractors.

### ***Litigation may adversely affect our business, financial condition, and results of operations.***

Our business is subject to the risk of litigation. Recently, trucking companies, including us, have been subject to lawsuits, including class action lawsuits, alleging violations of various federal and state wage and hour laws regarding, among other things, employee meal breaks, rest periods, overtime eligibility, and failure to pay for all hours worked. A number of these lawsuits have resulted in the payment of substantial settlements or damages by the defendants.

The outcome of litigation, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. The cost to defend litigation may also be significant. Not all claims are covered by our insurance, and there can be no assurance that our coverage limits will be adequate to cover all amounts in dispute. To the extent we experience claims that are uninsured, exceed our coverage limits, involve significant aggregate use of our self-insured retention amounts, or cause increases in future premiums, the resulting expenses could have a materially adverse effect on our business, results of operations, financial condition, or cash flows.

In addition, we may be subject, and have been subject in the past, to litigation resulting from trucking accidents. The number and severity of litigation claims may be worsened by distracted driving by both truck drivers and other motorists. These lawsuits have resulted, and may result in the future, in the payment of substantial settlements or damages and increases of our insurance costs.



## KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

***Changes to trade regulation, quotas, duties or tariffs, caused by the changing US and geopolitical environments or otherwise, may increase our costs and adversely affect our business.***

The imposition of additional tariffs or quotas or changes to certain trade agreements, could, among other things, increase the costs of the materials used by our suppliers to produce new revenue equipment or increase the price of fuel. Such cost increases for our revenue equipment suppliers would likely be passed on to us, and to the extent fuel prices increase, we may not be able to fully recover such increases through rate increases or our fuel surcharge program, either of which could have an adverse effect on our business.

***Increasing attention on environmental, social, and governance (ESG) matters may have a negative impact on our business, impose additional costs on us, and expose us to additional risks.***

Companies are facing increasing attention from stakeholders relating to ESG matters, including environmental stewardship, social responsibility, and diversity and inclusion. Organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings may lead to negative investor sentiment toward the Company, which could have a negative impact on our stock price.

We recently published our Sustainability Report. This report reflects our current initiatives and is not a guarantee that we will be able to achieve them. Our ability to successfully execute these initiatives and accurately report our progress presents numerous operational, financial, legal, reputational and other risks, many of which are outside our control, and all of which could have a material negative impact on our business. Additionally, the implementation of these initiatives imposes additional costs on us. If our ESG initiatives fail to satisfy our stakeholders, then our reputation, our ability to attract or retain employees, and our attractiveness as an investment and business partner could be negatively impacted. Similarly, our failure, or perceived failure, to pursue or fulfill our goals, targets and objectives or to satisfy various reporting standards within the timelines we announce, or at all, could also have similar negative impacts and expose us to government enforcement actions and private litigation.

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## Financial Risk

***We have significant ongoing capital requirements that could affect our profitability if our capital investments do not match customer demand for invested resources, we are unable to generate sufficient cash from operations, or we are unable to obtain financing on favorable terms.***

Our full truckload and LTL operations are capital intensive, and our policy of operating newer equipment requires us to expend significant amounts on capital annually. If anticipated demand differs materially from actual usage, our capital intensive full truckload and LTL operations may have too many or too few assets. The expansion of our operations to LTL has increased and will continue to increase our capital requirements for real estate associated with LTL operations. During periods of decreased customer demand, our asset utilization may suffer, and we may be forced to sell equipment on the open market or turn in equipment under certain equipment leases in order to right-size our fleet. This could cause us to incur losses on such sales or require payments in connection with such turn-ins, particularly during times of a softer used equipment market, either of which could have a materially adverse effect on our profitability.

In the event that we are unable to generate sufficient cash from operations, maintain compliance with financial and other covenants in our financing agreements, or obtain equity capital or financing on favorable terms in the future, we may have to limit our fleet size, enter into less favorable financing, or operate our revenue equipment for longer periods, any of which could have a materially adverse effect on our operations and profitability.

Credit markets may weaken at some point in the future, which would make it difficult for us to access our current sources of credit and difficult for our lenders to find the capital to fund us. We may need to incur additional debt, or issue debt or equity securities in the future, to refinance existing debt, fund working capital requirements, make investments, or support other business activities. Declines in consumer confidence, decreases in domestic spending, economic contractions, rating agency actions, and other trends in the credit market may impair our future ability to secure financing on satisfactory terms, or at all.



## KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

***In the future, we may need to obtain additional financing that may not be available or, if it is available, may result in a reduction in the percentage ownership of our then-existing stockholders.***

We may need to raise additional funds in order to:

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

If the economy and/or the credit markets weaken, or we are unable to enter into finance or operating leases to acquire revenue equipment on terms favorable to us, our business, financial results, and results of operations could be materially adversely affected, especially if consumer confidence declines and domestic spending decreases. If adequate funds are not available or are not available on acceptable terms, our ability to fund our strategic initiatives, take advantage of unanticipated opportunities, develop or enhance technology or services, or otherwise respond to competitive pressures could be significantly limited. If we raise additional funds by issuing equity or convertible debt securities, the percentage ownership of our then-existing stockholders may be reduced, and holders of these securities may have rights, preferences, or privileges senior to those of our then-existing stockholders.

***In the event of an economic downturn or disruption in the credit markets, our indebtedness could place us at a competitive disadvantage in terms of our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, and prevent us from meeting our debt obligations compared to our competitors that are less leveraged.***

This could have negative consequences that include:

- increased vulnerability to adverse economic, industry, or competitive developments;
- cash flows from operations that are committed to payment of principal and interest, thereby reducing our ability to use cash for our operations, capital expenditures, and future business opportunities;
- increased interest rates that would affect our variable rate debt;
- potential noncompliance with financial covenants, borrowing conditions, and other debt obligations (where applicable);
- lack of financing for working capital, capital expenditures, product development, debt service requirements, and general corporate or other purposes; and
- limits on our flexibility to plan for, or react to, changes in our business, market conditions, or in the economy.

***Our debt agreements contain restrictions that limit our flexibility in operating our business.***

As detailed in Note 15 to the consolidated financial statements, included in Part II, Item 8 of this Annual Report, we must comply with various affirmative, negative, and financial covenants. A breach of any of these covenants could result in default or (when applicable) cross-default. Upon default under our primary credit facility, the lenders could elect to declare all outstanding amounts to be immediately due and payable, as well as terminate all commitments to extend further credit. Such actions by those lenders could cause cross-defaults with our other debt agreements. If we were unable to repay those amounts, the lenders could use the collateral granted to satisfy all or part of the debt owed to them. If the lenders accelerated our debt repayments, we might not have sufficient assets to repay all amounts borrowed.

In addition, we have other financing that includes certain affirmative and negative covenants and cross-default provisions. Failure to comply with these covenants and provisions may jeopardize our ability to continue to sell receivables under the facility and could negatively impact our liquidity.

***We could determine that our goodwill and other indefinite-lived intangibles are impaired, thus recognizing a related impairment loss.***

We have goodwill and indefinite-lived intangible assets on our balance sheet. Given our history of acquisitions and growth objectives, our goodwill and intangible assets could grow. We periodically evaluate our goodwill and indefinite-lived intangible assets for impairment. We could recognize impairments in the future, and we may never realize the full value of our intangible assets. If these events occur, our profitability and financial condition will suffer.

## KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

***If our investments in entities are not successful or decrease in market value, we may be required to write off or lose the value of a portion or all of our investments, which could have a materially adverse effect on our results of operations.***

Through one of our wholly-owned subsidiaries, we have directly or indirectly invested in certain entities that make privately negotiated equity investments. In the past, the Company has recorded impairment charges to reflect the other-than-temporary decreases in the fair value of its portfolio. If the financial position of any such entity declines, we could be required to write down all or part of our investment in that entity, which could have a materially adverse effect on our results of operations.

***Changes in taxation could lead to an increase of our tax exposure and could affect the Company's financial results.***

President Biden has provided some informal guidance on what federal tax law changes he supports, such as an increase in the corporate tax rate from its current top rate of 21%. If an increase in the corporate tax rate is passed by Congress and signed into law, it could have a materially adverse effect on our financial results and financial position. At December 31, 2021, the Company has a deferred tax liability of \$874.9 million. The amount of deferred tax liability is determined by using the enacted tax rates in effect for the year in which differences between the financial statement and tax basis of assets and liabilities are expected to reverse. Accordingly, our net current tax liability has been determined based on the currently enacted rate of 21%. If the current rate were increased due to legislation, it would have an immediate revaluation of our deferred tax assets and liabilities in the year of enactment. For example, an increase in the tax rate from 21% to 26% would result in the immediate increase in our net deferred tax liability of approximately \$174.4 million, with a corresponding increase to income tax expense in the year of enactment to reflect the revaluation.

### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.







### **ITEM 2. PROPERTIES**

Our Knight and Swift headquarters are both located in Phoenix, Arizona. Including Knight's former headquarters location, which was re-purposed as a regional operations facility, our headquarters cover approximately 200 acres, consisting of about 300 thousand square feet of office space, 150 thousand square feet of repair and maintenance facilities, a twenty thousand square-foot driving associates' center and restaurant, an eight thousand square-foot recruiting and training center, a six thousand square-foot warehouse, a 300-space parking structure, as well as two truck wash and fueling facilities.





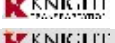

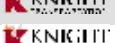


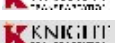


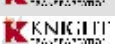


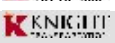

















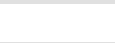


















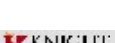



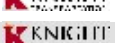















We have over 210 locations in the US and Mexico, including our headquarters, terminals, driving academies, and certain other locations, which are included in the table below. Our terminals may include customer service, marketing, fuel, and/or repair facilities, which are used by our Truckload, Logistics, LTL, Intermodal, and non-reportable segments. We also own or lease parcels of vacant land, drop yards, and space for temporary trailer storage for ourselves and other carriers, as well as several non-operating facilities, which are excluded from the table below. As of December 31, 2021, our aggregate monthly rent for all leased properties was approximately \$1.8 million with varying terms expiring through December 2053. We believe that substantially all of our property is in good condition and our facilities have sufficient capacity to meet our current needs.

The following listing shows our logos with our corresponding company descriptions, as the logos are used to depict brand representation by location in the accompanying table:

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

Logo	Brand
	Knight
	Swift
	ACT
	MME
	Barr-Nunn Transportation LLC
	Abilene Motor Express, LLC

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

Location	Brand				Owned/Leased		Total
					Owned	Leased	
Alabama					6		6
Arizona					10	4	14
Arkansas					3	1	4
California					9	2	11
Colorado					2	1	3
Florida					15		15
Georgia					12	3	15
Idaho					2	2	4
Illinois					6	2	8
Indiana					2	2	4
Iowa					1	1	2
Kansas					2	1	3
Kentucky					2	1	3
Louisiana					6		6
Massachusetts						1	1
Mexico					4	6	10
Michigan					1		1
Minnesota					1	1	2
Mississippi					6		6
Missouri					2		2
Montana					1		1
Nevada					4	1	5
New Jersey					1		1
New Mexico					1		1
New York					3		3
North Carolina					9		9
North Dakota						5	5
Ohio					2	1	3
Oklahoma					4		4
Oregon					2		2
Pennsylvania					2	2	4
South Carolina					5	3	8
South Dakota						1	1
Tennessee					10		10
Texas					18	11	29
Utah					3		3
Virginia					2	1	3
Washington					2		2
West Virginia					1		1
Wisconsin					1	1	2
Wyoming					1		1
Total Properties					164	54	218

## KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

### ITEM 3. LEGAL PROCEEDINGS

We are party to certain lawsuits in the ordinary course of business. Information about our legal proceedings is included in Note 19 in Part II, Item 8 of this Annual Report and is incorporated by reference herein. Based on management's present knowledge of the facts and (in certain cases) advice of outside counsel, management does not believe that loss contingencies arising from pending matters are likely to have a material adverse effect on the Company's overall financial position, operating results, or cash flows after taking into account any existing accruals. However, actual outcomes could be material to the Company's financial position, operating results, or cash flows for any particular period.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## PART II

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

#### Common Stock

Our common stock trades on the NYSE under the symbol "KNX". Prior to the completion of the 2017 Merger, shares of Swift Class A common stock traded on the NYSE under the symbol "SWFT" while shares of Knight common stock traded on the NYSE under the symbol "KNX."

**Common Stock** — As of December 31, 2021, we had 165,980,401 shares of common stock outstanding. On February 15, 2022, there were 37 holders of record of our common stock. Because many of our shares of common stock are held by brokers or other institutions on behalf of stockholders, we are unable to estimate the total number of individual stockholders represented by the record holders.

#### Dividend Policy

We have paid a quarterly cash dividend as Knight-Swift since December 27, 2017.

Our most recent dividend was declared in February of 2022 for \$0.12 per share of common stock and is scheduled to be paid in March of 2022.

We currently expect to continue to pay comparable quarterly cash dividends in the future. Future payment of cash dividends, and the amount of any such dividends, will depend upon our financial condition, results of operations, cash requirements, tax treatment, and certain corporate law requirements, as well as other factors deemed relevant by our Board.

#### Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table shows our purchases of our common stock and the remaining amounts we are authorized to repurchase for each monthly period in the fourth quarter of 2021.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value That May Yet be Purchased Under the Plans or Programs <sup>1</sup>
October 1, 2021 to October 31, 2021	73,504	\$ 47.80	73,504	\$ 192,825,134
November 1, 2021 to November 30, 2021	—	\$ —	—	\$ 192,825,134
December 1, 2021 to December 31, 2021	—	\$ —	—	\$ 192,825,134
<b>Total</b>	<b>73,504</b>	<b>\$ 47.80</b>	<b>73,504</b>	<b>\$ 192,825,134</b>

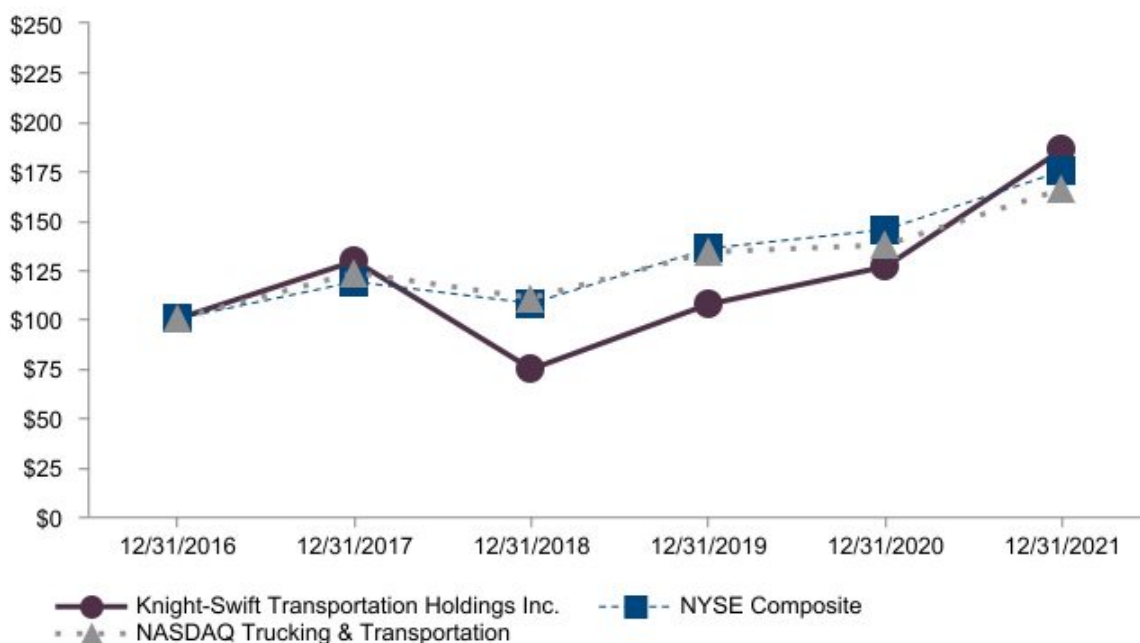
<sup>1</sup> On November 30, 2020, we announced that the Board approved the \$250.0 million 2020 Knight-Swift Share Repurchase Plan, replacing the 2019 Knight-Swift Share Repurchase Plan. There is no expiration date associated with this share repurchase authorization. See Note 20 in Part II, Item 8 of this Annual Report.

## KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

### Stockholders Return Performance Graph

The following graph compares the cumulative annual total return of stockholders from December 31, 2016 to December 31, 2021 of our stock relative to the cumulative total returns of the NYSE Composite index and an index of other companies within the trucking industry (*NASDAQ Trucking & Transportation*) over the same period. The graph assumes that the value of the investment in Swift's common stock and in each of the indexes (including reinvestment of dividends) was \$100 on December 31, 2016, and tracks it through December 31, 2021. The stock price performance included in this graph is not necessarily indicative of Knight-Swift's future stock price performance.

**Note:** The below investment in Knight-Swift Transportation Holdings Inc. was calculated using Swift's historical stock price (SWFT), adjusted for the reverse split of 0.72, for periods prior to the 2017 Merger and calculated using Knight-Swift Transportation Holdings Inc.'s historical stock price (KNX) for periods following the 2017 Merger.



	December 31,					
	2016	2017	2018	2019	2020	2021
Knight-Swift Transportation Holdings Inc.	\$ 100.00	\$ 129.40	\$ 74.67	\$ 107.53	\$ 126.49	\$ 185.72
NYSE Composite	100.00	118.73	108.10	135.68	145.16	175.18
NASDAQ Trucking & Transportation	100.00	123.35	110.84	133.75	137.58	165.72

### ITEM 6. RESERVED

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

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

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

Management's discussion and analysis of financial condition and results of operations should be read together with "Business" in Part I, Item 1 of this Annual Report, as well as the consolidated financial statements and accompanying footnotes in Part II, Item 8 of this Annual Report. This discussion contains forward-looking statements as a result of many factors, including those set forth under Part I, Item 1A. "Risk Factors" and Part I "Cautionary Note Regarding Forward-looking Statements" of this Annual Report, and elsewhere in this report. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially from those discussed.

## Executive Summary

### Company Overview

Knight-Swift Transportation Holdings Inc. is one of North America's largest and most diversified freight transportation companies, providing multiple full truckload, LTL, intermodal, and logistics services. Knight-Swift uses a nationwide network of business units and terminals in the US and Mexico to serve customers throughout North America. In addition to operating one of the country's largest truckload fleets, Knight-Swift also contracts with third-party equipment providers to provide a broad range of transportation services to our customers while creating quality driving jobs for our driving associates and successful business opportunities for independent contractors. Our four reportable segments are Truckload, Logistics, LTL, and Intermodal. Additionally, we have various non-reportable segments. Refer to Note 1 and Note 25 in Part II, Item 8 of this Annual Report for descriptions of our segments.

Our objective is to operate our business with industry-leading margins and growth while providing safe, high-quality, cost-effective solutions for our customers. We continue to grow our company organically and through acquisitions. Refer to Note 1 and Note 4 in Part II, Item 8 of this Annual Report for details regarding our recent acquisitions.

### Revenue

- Our truckload services include irregular route and dedicated, refrigerated, expedited, flatbed, and cross-border transportation of various products, goods, and materials for our diverse customer base. We primarily generate revenue by transporting freight for our customers through our Truckload segment.
- Our logistics and intermodal operations provide a multitude of shipping solutions, including additional sources of truckload capacity and alternative transportation modes, by utilizing our vast network of third-party capacity providers and rail providers, as well as certain logistics and freight management services. Revenue in our brokerage and intermodal operations is generated through our Logistics and Intermodal segments.
- Our LTL business, established in 2021 through the ACT and MME acquisitions, provides our customers regional LTL transportation service through our network of approximately 100 service centers in our geographical footprint. Our LTL service also provides national coverage to our customers by utilizing partner carriers for areas outside of our direct network.
- Our non-reportable segments include *Iron Truck Services*, (which offers support services provided to our customers and independent contractors including repair and maintenance shop services, equipment leasing, warranty services, and insurance), trailer parts manufacturing, warehousing, and certain driving academy activities, as well as certain corporate expenses (such as legal settlements and accruals, certain impairments, and amortization of intangibles related to the 2017 Merger and various acquisitions).
- In addition to the revenues earned from our customers for the trucking and non-trucking services discussed above, we also earn fuel surcharge revenue from our customers through our fuel surcharge program, which serves to recover a majority of our fuel costs. This applies only to loaded miles and typically does not offset non-paid empty miles, idle time, and out-of-route miles driven. Fuel surcharge programs involve a computation based on the change in national or regional fuel prices. These programs may update as often as weekly, but typically require a specified minimum change in fuel cost to prompt a change in fuel surcharge revenue.

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

Therefore, many of these programs have a time lag between when fuel costs change and when the change is reflected in fuel surcharge revenue for our Truckload and LTL segments.

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

**Operating Statistics** — We measure our consolidated and segment results through certain operating statistics, which are discussed under "Results of Operations — Segment Review — Operating Statistics," below.

Our results are affected by various economic, industry, operational, regulatory, and other factors, which are discussed in detail in "Part I, Item 1A. Risk Factors," as well as in various disclosures in our press releases, stockholder reports, and other filings with the SEC.

**Key Financial Highlights and Operating Metrics**

	2021	2020
	(Dollars in thousands, except per share data)	
<b>GAAP financial data:</b>		
Total revenue	\$ 5,998,019	\$ 4,673,863
Revenue, excluding truckload and LTL fuel surcharge	\$ 5,531,890	\$ 4,369,207
Net income attributable to Knight-Swift	\$ 743,388	\$ 410,002
Diluted EPS	\$ 4.45	\$ 2.40
Operating ratio	83.9 %	87.9 %
<b>Non-GAAP financial data:</b>		
Adjusted Net Income Attributable to Knight-Swift <sup>1</sup>	\$ 788,181	\$ 466,147
Adjusted EPS <sup>1</sup>	\$ 4.72	\$ 2.73
Adjusted Operating Ratio <sup>1</sup>	81.5 %	85.3 %
<b>Revenue equipment statistics by segment: <sup>2</sup></b>		
<b>Truckload</b>		
Average tractors <sup>3</sup>	18,019	18,448
Average trailers <sup>4</sup>	67,606	57,722
<b>LTL</b>		
Average tractors <sup>5</sup>	2,735	N/A
Average trailers <sup>6</sup>	7,413	N/A
<b>Intermodal</b>		
Average containers	10,847	10,604

1 Adjusted Net Income Attributable to Knight-Swift, Adjusted EPS, and Adjusted Operating Ratio are non-GAAP financial measures and should not be considered alternatives, or superior, to the most directly comparable GAAP financial measures. However, management believes that presentation of these non-GAAP financial measures provides useful information to investors regarding the Company's results of operations. Adjusted Net Income Attributable to Knight-Swift, Adjusted EPS, and Adjusted Operating Ratio are reconciled to the most directly comparable GAAP financial measures under "Non-GAAP Financial Measures," below.

2 See "Results of Operations — Segment Review — Operating Statistics" in Part II, Item 7 of this Annual Report regarding definitions of these operating data.

3 Our Truckload tractor fleet had a weighted average age of 2.5 years and 2.2 years for 2021 and 2020, respectively. Average tractors within our Truckload segment includes 16,166 and 16,379 company-owned tractors for 2021 and 2020, respectively.



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

- 4 Note that average trailers includes 6,388 trailers related to leasing activities recorded within our non-reportable segments in 2021. Our Truckload trailer fleet had a weighted average age of 8.4 years and 7.8 years for 2021 and 2020, respectively.
- 5 Our LTL tractor fleet had a weighted average age of 4.2 years for 2021.
- 6 Our LTL trailer fleet had a weighted average age of 7.9 years for 2021.

## Market Trends and Company Performance

**Our Company Trends and Outlook** — During 2021, each reportable segment grew revenue while improving margins, leading to consolidated revenue growth of 26.6%, excluding truckload and LTL fuel surcharge. This contributed to a 71.1% improvement in consolidated operating income to \$965.7 million in 2021, as compared to \$564.4 million last year. Net Income Attributable to Knight-Swift increased by 81.3% to \$743.4 million.

- **Truckload** — 80.9% operating ratio within our Truckload segment for the year, a 380 basis point improvement, supported by continued year-over-year revenue growth, with six consecutive quarters of revenue growth year-over-year.
- **Logistics** — 88.5% operating ratio within our Logistics segment this year. Load count grew by 51.5%, leading to a 118.8 % increase in revenue, excluding intersegment transactions.
- **LTL** — 92.1% operating ratio, which includes the results of ACT, from July 5, 2021 through December 31, 2021, as well as the results of MME from December 6, 2021 through December 31, 2021. On a proforma annualized basis, the LTL segment represents approximately 14% of consolidated revenue, excluding truckload and LTL fuel surcharge.
- **Intermodal** — 90.8% operating ratio within our Intermodal segment, a 940 basis point improvement with year-over-year revenue growth of 17.2%.

We anticipate that depreciation and amortization expense will increase and rental expense will correspondingly decrease, as a percentage of revenue excluding truckload and LTL fuel surcharge, as we intend to purchase, rather than enter into operating leases, for a majority of our revenue equipment in 2022. With significant tightening in the insurance markets, we may also experience changes in premiums, retention limits, and excess coverage limits in the remainder of 2022. While fuel expense is generally offset by fuel surcharge revenue, our fuel expense, net of fuel surcharge revenue may increase in the future.

We expect that our acquisitions of ACT and MME will have a significant impact on future financial results, including an overall increase in operating revenues and expenses.

**Market Trends and Outlook** — On a year-over-year basis, the US gross domestic product, which is the broadest measure of goods and services produced across the economy, increased by 5.7%<sup>1</sup> in 2021, as compared to a 3.4%<sup>1</sup> decrease in 2020. The year-over-year improvement was primarily driven by an increase in consumer spending, as the economic impacts of the pandemic began to subside and the economy showed signs of recovery. The national unemployment rate was 3.9%<sup>2</sup> as of December 31, 2021, as compared to 6.7%<sup>2</sup> as of December 31, 2020. Early estimates of the full-year 2021 US employment cost index indicate a year-over-year increase of 4.0%<sup>2</sup> and a sequential increase of 1.0%<sup>2</sup>.

From a freight market perspective, we are encouraged by the continued strength in freight demand; however, demand may be difficult to predict for full-year 2022. Our expectations for the 2022 market include the following:

- Within the full truckload and LTL markets, we expect strong demand and constrained capacity throughout the year.
- Industry capacity expansion continues to be limited by manufacturing constraints.
- Sourcing and retaining drivers will remain challenging and lead to additional driver wage inflation.
- Inflationary pressure on equipment, maintenance, labor and other cost items.
- The above factors should continue to support a favorable rate environment, which we expect will result in double-digit full truckload contract rate increases.
- Strong demand for power-only opportunities.
- Strong used equipment market.

<sup>1</sup> bea.gov

<sup>2</sup> bls.gov

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

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

**Notes regarding presentation:** A discussion of changes in our results of operations from 2019 to 2020 has been omitted from this Annual Report, but may be found in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2020 Annual Report filed with the SEC on February 25, 2021.

In accordance with accounting treatment applicable to each of our recent acquisitions, Knight-Swift's reported results do not include the operating results of the acquired entities prior to the respective acquisition dates. Accordingly, comparisons between the Company's 2021 results and prior periods may not be meaningful. Refer to Note 1 in Part II, Item 8 of this Annual Report for a list of our recent acquisitions.

**Operating Results: 2021 Compared to 2020 —** The \$333.4 million increase in net income attributable to Knight-Swift to \$743.4 million in 2021 from \$410.0 million in 2020, includes the following:

- **Contributor** — \$205.9 million increase in operating income within our Truckload segment driven by a 21.1% increase in revenue per loaded mile, excluding fuel surcharge and intersegment transactions, partially offset by a 10.3% decrease in total miles per tractor.
- **Contributor** — \$73.7 million increase in operating income within our Logistics segment driven by a 51.5% increase in load counts, and a 44.4% increase in revenue per load.
- **Contributor** — \$31.2 million of operating income through ACT and MME activities, recognized within our LTL segment in 2021.
- **Contributor** — \$43.0 million increase in operating income within our Intermodal segment driven by a 21.8% increase in revenue per load, partially offset by a 3.7% decrease in load count.
- **Contributor** — \$47.5 million improvement in operating results within our non-reportable segments, driven by revenue growth of 62.2% related to our expanded services to third-party carriers.
- **Contributor** — \$17.7 million improvement in "Other income, net," primarily due to unrealized gains recognized from our investment in Embark and an increase in unrealized gains recognized from other investments within our portfolio.
- **Offset** — \$81.2 million increase in consolidated income tax expense, primarily due to an increase in income before income taxes which was partially offset by a reduction in the state deferred tax liability due to our recent acquisitions and adjustments to state tax rates and apportionment. All these factors resulted in a 2021 effective tax rate of 23.7% and a 2020 effective tax rate of 26.7%.

See additional discussion of our operating results within "Results of Operations — Consolidated Operating and Other Expenses" below.

**2021 Liquidity and Capital —** During 2021, we generated \$1.2 billion in operating cash flows, we paid down \$48.2 million in cash on our operating lease liabilities (gross of \$73.8 million of lease modifications and leases obtained through acquisitions), paid down our finance lease liabilities by \$108.2 million, used \$282.0 million for capital expenditures (net of equipment sales proceeds), spent \$1.5 billion on four acquisitions (net of cash balances acquired), and returned \$57.2 million in share repurchases and \$63.5 million in dividends to our stockholders. We ended the year with \$261.0 million in unrestricted cash and cash equivalents, \$260.0 million outstanding on the 2021 Revolver, \$1.2 billion outstanding on the 2021 Term Loans, and \$6.5 billion of stockholders' equity. We remain committed to a strong capital structure.

We do not foresee material liquidity constraints or any issues with our ongoing ability to meet our debt covenants.

See discussion under "Liquidity and Capital Resources" for additional information.

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

## Results of Operations — Segment Review

The Company has four reportable segments: Truckload, Logistics, LTL, and Intermodal, as well as certain non-reportable segments. Refer to Note 25 in Part II, Item 8 of this Annual Report for descriptions of our segments. Refer to Part I, Item 1, "Business – Our Mission and Company Strategy" of this Annual Report for discussion related to our segment operating strategies.

### Consolidating Tables for Total Revenue and Operating Income (Loss)

	2021		2020	
Revenue:	(Dollars in thousands)			
Truckload	\$ 4,098,005	68.3 %	\$ 3,786,030	81.0 %
Logistics	\$ 817,003	13.6 %	\$ 375,841	8.0 %
LTL	\$ 396,308	6.6 %	\$ —	— %
Intermodal	\$ 458,867	7.7 %	\$ 391,462	8.4 %
Subtotal	\$ 5,770,183	96.2 %	\$ 4,553,333	97.4 %
Non-reportable segments	\$ 306,414	5.1 %	\$ 188,882	4.0 %
Intersegment eliminations	\$ (78,578)	(1.3 %)	\$ (68,352)	(1.4 %)
Total revenue	\$ 5,998,019	100.0 %	\$ 4,673,863	100.0 %

	2021		2020	
<i>Operating income (loss):</i>	(Dollars in thousands)			
Truckload	\$ 784,436	81.2 %	\$ 578,512	102.5 %
Logistics	\$ 93,920	9.7 %	\$ 20,245	3.6 %
LTL	\$ 31,169	3.2 %	\$ —	— %
Intermodal	\$ 42,060	4.4 %	\$ (943)	(0.2 %)
Subtotal	\$ 951,585	98.5 %	\$ 597,814	105.9 %
Non-reportable segments	\$ 14,112	1.5 %	\$ (33,376)	(5.9 %)
Operating income	\$ 965,697	100.0 %	\$ 564,438	100.0 %

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

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

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

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

We generate revenue in the Truckload segment primarily through irregular route, dedicated, refrigerated, flatbed, expedited, and cross-border service offerings, with 13,058 irregular route tractors and 4,961 dedicated route tractors in use during 2021. Generally, we are paid a predetermined rate per mile or per load for our trucking services. Additional revenues are generated by charging for tractor and trailer detention, loading and unloading activities, dedicated services, and other specialized services, as well as through the collection of fuel surcharge revenue to mitigate the impact of increases in the cost of fuel. The main factors that affect the revenue generated by our Truckload segment are rate per mile from our customers, the percentage of miles for which we are compensated, and the number of loaded miles we generate with our equipment.

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

	2021	2020	2021 vs. 2020
	(Dollars in thousands, except per tractor data)		Increase (decrease)
Total revenue	\$ 4,098,005	\$ 3,786,030	8.2 %
Revenue, excluding fuel surcharge and intersegment transactions	\$ 3,681,271	\$ 3,480,621	5.8 %
GAAP: Operating income	\$ 784,436	\$ 578,512	35.6 %
Non-GAAP: Adjusted Operating Income <sup>1</sup>	\$ 785,772	\$ 593,085	32.5 %
Average revenue per tractor <sup>2</sup>	\$ 204,299	\$ 188,672	8.3 %
GAAP: Operating ratio <sup>2</sup>	80.9 %	84.7 %	(380 bps)
Non-GAAP: Adjusted Operating Ratio <sup>1 2</sup>	78.7 %	83.0 %	(430 bps)
Non-paid empty miles percentage <sup>2</sup>	13.4 %	13.1 %	30 bps
Average length of haul (miles) <sup>2</sup>	403	425	(5.2 %)
Total miles per tractor <sup>2</sup>	81,629	90,993	(10.3 %)
Average tractors <sup>2 3</sup>	18,019	18,448	(2.3 %)
Average trailers <sup>2 4</sup>	67,606	57,722	17.1 %

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

2 Defined within "Operating Statistics" above.

3 Includes 16,166 and 16,379 company-owned tractors for 2021 and 2020, respectively.

4 Includes 6,388 trailers related to our leasing activities recognized within the non-reportable segments for 2021.

**2021 Compared to 2020** — The Adjusted Operating Ratio improved by 430 basis points to 78.7% in 2021, leading to a 32.5% improvement in Adjusted Operating Income. We grew revenue, excluding fuel surcharge and intersegment transactions by 5.8% in 2021. Shipping demand remains strong, leading to more project business opportunities this year, which contributed to a 21.1% increase in revenue per loaded mile, excluding fuel surcharge and intersegment transactions. Total miles per tractor decreased by 10.3%, due in part to a 5.2% shorter length of haul.

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

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

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

	2021	2020	2021 vs. 2020
	(Dollars in thousands, except per load data)		Increase (decrease)
Total revenue	\$ 817,003	\$ 375,841	117.4 %
Revenue, excluding intersegment transactions	\$ 798,689	\$ 365,099	118.8 %
GAAP: Operating income	\$ 93,920	\$ 20,245	363.9 %
Non-GAAP: Adjusted Operating Income <sup>1 2</sup>	\$ 94,685	\$ 20,245	367.7 %
Revenue per load <sup>2</sup>	\$ 2,439	\$ 1,689	44.4 %
Gross margin percentage <sup>2</sup>	18.1 %	14.5 %	360 bps
GAAP: Operating ratio <sup>2</sup>	88.5 %	94.6 %	(610 bps)
Non-GAAP: Adjusted Operating Ratio <sup>1 2</sup>	88.1 %	94.5 %	(640 bps)

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

2 Defined under "Operating Statistics" above.

**2021 Compared to 2020** — Demand for our logistics service offering continued to grow throughout the year, as we continue to leverage our fleet of approximately 70,000 trailers for our Power-only service offering. Logistics revenue, excluding intersegment transactions increased 118.8% as we grew load count by 51.5%, while increasing revenue per load by 44.4%. The Adjusted Operating Ratio improved to 88.1%, resulting in a 367.7% increase in Adjusted Operating Income. Gross margin was 18.1% in 2021, compared to 14.5% in 2020.

Within our Power-only service offering, which excludes the operations of our intermodal, drayage, and port services, revenue grew by 314.3% as a result of a 104.2% increase in load volumes. Our Power-only service offering represented approximately 32.8% of brokerage load volumes during 2021. During 2021, through our *Select* platform, we digitally matched an average of approximately 5,500 carriers per quarter to available loads.

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

Our LTL segment was established in 2021 by the ACT and MME acquisitions and consists of regional motor carriers headquartered in Dothan, Alabama and Bismarck, North Dakota. We provide regional direct service and serve our customers' national transportation needs by utilizing key partner carriers for coverage areas outside of our network. We primarily generate revenue by transporting freight for our customers through our core LTL services.

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

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

**Note:** In accordance with the accounting treatment applicable to the ACT and MME acquisitions, the LTL segment's reported results do not include the operating results of the acquired entities prior to the respective acquisition dates.

	2021	
	(Dollars in thousands, except per shipment and per hundredweight data)	
Total revenue	\$	396,308
Revenue, excluding fuel surcharge	\$	345,785
GAAP: Operating income	\$	31,169
Non-GAAP: Adjusted Operating Income <sup>1</sup>	\$	38,293
GAAP: Operating ratio <sup>2</sup>		92.1 %
Non-GAAP: Adjusted Operating Ratio <sup>1 2</sup>		88.9 %
Shipments per day <sup>2</sup>		16,438
Weight per shipment <sup>2</sup>		1,111
Average length of haul (miles) <sup>2</sup>		518
Revenue per shipment <sup>2</sup>	\$	161.66
Revenue xFSR per shipment <sup>2</sup>	\$	141.57
Revenue per hundredweight <sup>2</sup>	\$	14.55
Revenue xFSR per hundredweight <sup>2</sup>	\$	12.75
Average tractors <sup>2 3</sup>		2,735
Average trailers <sup>2 4</sup>		7,413

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

2 Defined under "Operating Statistics," above.

3 Includes 667 tractors from ACT's and MME's dedicated and other businesses for 2021.

4 Includes 860 trailers from ACT's and MME's dedicated and other businesses for 2021.

Our LTL segment operates across approximately 100 facilities with a door count of over 4,200. We generated \$345.8 million in revenue, excluding fuel surcharge and an 88.9% Adjusted Operating Ratio during 2021 within the LTL segment. Revenue, excluding fuel surcharge, per hundredweight was \$12.75, while revenue per shipment, excluding fuel surcharge, was \$141.57.



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

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

	2021	2020	2021 vs. 2020
	(Dollars in thousands, except per load data)		Increase (decrease)
Total revenue	\$ 458,867	\$ 391,462	17.2 %
Revenue, excluding intersegment transactions	\$ 458,583	\$ 391,098	17.3 %
GAAP: Operating income (loss)	\$ 42,060	\$ (943)	4,560.2 %
Non-GAAP: Adjusted Operating Income (Loss) <sup>1 2</sup>	\$ 42,060	\$ (830)	5,167.5 %
Average revenue per load <sup>2</sup>	\$ 2,852	\$ 2,342	21.8 %
GAAP: Operating ratio <sup>2</sup>	90.8 %	100.2 %	(940 bps)
Non-GAAP: Adjusted Operating Ratio <sup>1 2</sup>	90.8 %	100.2 %	(940 bps)
Load count	160,774	166,977	(3.7 %)
Average tractors <sup>2 3</sup>	597	577	3.5 %
Average containers <sup>2</sup>	10,847	10,604	2.3 %

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

2 Defined within "Operating Statistics" above.

3 Includes 543 and 518 company-owned tractors for 2021 and 2020, respectively.

**2021 Compared to 2020** — Revenue grew by 17.2% while the Adjusted Operating Ratio improved from 100.2% in 2020 to 90.8% in 2021, resulting in a \$42.9 million increase in Adjusted Operating Income. Continued rail congestion and rail allocations resulted in a reduction of load count, but contributed to a 21.8% increase in revenue per load.

We anticipate operational improvements in cost structure and network design as we continue to transition to a new western rail partner in the first quarter of 2022. To position Intermodal for continued growth, we are in the process of growing our container count and plan to add approximately 2,000 containers during the year. Our long-term structural improvements in the margins of our business are ultimately expected to lead to an Adjusted Operating Ratio in the high-80s to mid-90s. We expect load volumes to increase in the back half of the year.

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

The non-reportable segments include support services provided to our customers and independent contractors (including repair and maintenance shop services, equipment leasing, warranty services, and insurance), trailer parts manufacturing, warehousing, and certain driving academy activities, as well as certain corporate expenses (such as legal settlements and accruals, certain impairments, and \$46.1 million in annual amortization of intangibles related to the 2017 Merger and various acquisitions).

	2021	2020	2021 vs. 2020
	(Dollars in thousands)		Increase (decrease)
Total revenue	\$ 306,414	\$ 188,882	62.2 %
Operating income (loss)	\$ 14,112	\$ (33,376)	142.3 %

**2021 Compared to 2020** — Strong demand for the services within our non-reportable segments led to 62.2% revenue growth, which resulted in operating income improving by 142.3%. The revenue growth was primarily related to expanded services to third-party carriers (including insurance through *Iron Truck Services*), increased demand for our equipment leasing services, and revenue improvement within our warehousing activities. In 2020, profitability was negatively impacted by the \$6.7 million of expense associated with the change in fair value of a deferred earnout related to the 2020 acquisition of a warehousing company and a \$4.0 million impairment of an investment related to alternative fuel technology.

**Results of Operations — Consolidated Operating and Other Expenses**
**Consolidated Operating Expenses**

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

**Note:** In accordance with accounting treatment applicable to each of our recent acquisitions, Knight-Swift's reported results do not include the operating results of the acquired entities prior to the respective acquisition dates. Accordingly, comparisons between the Company's 2021 results and prior periods may not be meaningful. Refer to Note 1 in Part II, Item 8 of this Annual Report for a list of our recent acquisitions.

	2021	2020	2021 vs. 2020
	(Dollars in thousands)		Increase (decrease)
<b>Salaries, wages, and benefits</b>	\$ 1,771,772	\$ 1,483,188	19.5 %
% of total revenue	29.5 %	31.7 %	(220 bps)
% of revenue, excluding truckload and LTL fuel surcharge	32.0 %	33.9 %	(190 bps)

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

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

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

**2021 Compared to 2020** — The increase in consolidated salaries, wages, and benefits includes \$222.8 million from the results of ACT. The remaining increase pertained to driving associate pay rates and non-driver salaries and wages, partially offset by an 11.6% decrease in miles driven by company driving associates, excluding ACT.

	2021	2020	2021 vs. 2020
	(Dollars in thousands)		Increase (decrease)
<b>Fuel</b>	\$ 546,256	\$ 416,307	31.2 %
% of total revenue	9.1 %	8.9 %	20 bps
% of revenue, excluding truckload and LTL fuel surcharge	9.9 %	9.5 %	40 bps

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

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

**2021 Compared to 2020** — The increase in consolidated fuel expense includes \$33.7 million of fuel expense from ACT's results. The remaining difference is primarily due to an increase in the average DOE fuel price to \$3.29 per gallon in 2021 from \$2.56 per gallon in 2020, partially offset by an 11.6% reduction in the total miles driven by company driving associates, excluding ACT.

	2021	2020	2021 vs. 2020
	(Dollars in thousands)		Increase (decrease)
<b>Operations and maintenance</b>	\$ 313,505	\$ 275,290	13.9 %
% of total revenue	5.2 %	5.9 %	(70 bps)
% of revenue, excluding truckload and LTL fuel surcharge	5.7 %	6.3 %	(60 bps)

Operations and maintenance expense consists of direct operating expenses, such as driving associate hiring and recruiting expenses, equipment maintenance, and tire expense. Operations and maintenance expenses are primarily affected by the age of our company-owned fleet of tractors and trailers and the miles driven. We expect the driver market to remain competitive in 2022, which could increase future driving associate development and recruiting costs and negatively affect our operations and maintenance expense. We expect to continue refreshing our fleet in the coming quarters to maintain or improve the average age of our equipment.

**2021 Compared to 2020** — The increase in consolidated operations and maintenance expense includes \$18.8 million in operations and maintenance expense from ACT's results. The remaining increase was attributed to higher driving associate hiring expenses and was partially offset by the decrease in miles driven by company driving associates discussed above.

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

	2021	2020	2021 vs. 2020
	(Dollars in thousands)		Increase (decrease)
<b>Insurance and claims</b>	\$ 275,378	\$ 192,840	42.8 %
% of total revenue	4.6 %	4.1 %	50 bps
% of revenue, excluding truckload and LTL fuel surcharge	5.0 %	4.4 %	60 bps

Insurance and claims expense consists of premiums for liability, physical damage, and cargo, and will vary based upon the frequency and severity of claims, our level of self-insurance, and premium expense. In recent years, insurance carriers have raised premiums for many businesses, including transportation companies, and as a result, our insurance and claims expense could increase in the future, or we could raise our self-insured retention limits or reduce excess coverage limits when our policies are renewed or replaced. In 2021, we expanded our insurance offerings to third-party carriers, earning additional premium revenues, which were partially offset by increased insurance reserves. Insurance and claims expense also varies based on the number of miles driven by company driving associates and independent contractors, the frequency and severity of accidents, trends in development factors used in actuarial accruals, and developments in large, prior-year claims. In future periods, our higher self-insured retention limits or lower excess coverage limits may cause increased volatility in our consolidated insurance and claims expense.

**2021 Compared to 2020** — Consolidated insurance and claims expense increased partially due to the inclusion of \$15.8 million of insurance and claims expense from ACT's results. The remaining increase was primarily due to insurance reserves incurred through our third-party carrier insurance program.

	2021	2020	2021 vs. 2020
	(Dollars in thousands)		Increase (decrease)
<b>Operating taxes and licenses</b>	\$ 98,784	\$ 87,422	13.0 %
% of total revenue	1.6 %	1.9 %	(30 bps)
% of revenue, excluding truckload and LTL fuel surcharge	1.8 %	2.0 %	(20 bps)

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

**2021 Compared to 2020** — The increase in consolidated operating taxes and licenses expense is primarily due to the inclusion of \$13.5 million of operating taxes and licenses expense from ACT's results.

	2021	2020	2021 vs. 2020
	(Dollars in thousands)		Increase (decrease)
<b>Communications</b>	\$ 22,486	\$ 19,596	14.7 %
% of total revenue	0.4 %	0.4 %	— bps
% of revenue, excluding truckload and LTL fuel surcharge	0.4 %	0.4 %	— bps

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

**2021 Compared to 2020** — The increase in consolidated communications expense is primarily due to the inclusion of \$2.0 million of communications expense from ACT's results.

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

	2021	2020	2021 vs. 2020
	(Dollars in thousands)		Increase (decrease)
<b>Depreciation and amortization of property and equipment</b>	\$ 522,596	\$ 460,775	13.4 %
% of total revenue	8.7 %	9.9 %	(120 bps)
% of revenue, excluding truckload and LTL fuel surcharge	9.4 %	10.5 %	(110 bps)

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

**2021 Compared to 2020** — The increase in consolidated depreciation and amortization of property and equipment includes \$24.8 million of expense from ACT's results. The remaining increase is primarily due to an increase in owned versus leased equipment.

We expect consolidated depreciation and amortization of property and equipment to increase both in total and as a percentage of consolidated revenue, excluding truckload and LTL fuel surcharge, as we currently do not plan to use operating leases as a primary means of funding our equipment purchases in 2022.

	2021	2020	2021 vs. 2020
	(Dollars in thousands)		Increase (decrease)
<b>Amortization of intangibles</b>	\$ 55,299	\$ 45,895	20.5 %
% of total revenue	0.9 %	1.0 %	(10 bps)
% of revenue, excluding truckload and LTL fuel surcharge	1.0 %	1.1 %	(10 bps)

Amortization of intangibles relates to intangible assets identified with the 2017 Merger, ACT Acquisition and other acquisitions. See Note 4 and Note 10 in Part II, Item 8, of this Annual Report for further details regarding the Company's intangible assets, historical amortization, and anticipated future amortization.

**2021 Compared to 2020** — The increase in consolidated amortization of intangibles for 2021 is attributed to the ACT, MME, UTXL, and Eleos acquisitions in 2021. See Note 4 in Part II, Item 8, of this Annual Report for more details regarding our acquisitions.

	2021	2020	2021 vs. 2020
	(Dollars in thousands)		Increase (decrease)
<b>Rental expense</b>	\$ 55,161	\$ 86,640	(36.3 %)
% of total revenue	0.9 %	1.9 %	(100 bps)
% of revenue, excluding truckload and LTL fuel surcharge	1.0 %	2.0 %	(100 bps)

Rental expense consists primarily of payments for tractors and trailers financed with operating leases. The primary factors affecting the expense are the size of our revenue equipment fleet and the relative percentage of owned versus leased equipment.

**2021 Compared to 2020** — The decrease in consolidated rental expense was primarily due to increasing our ratio of owned versus leased equipment.

We expect consolidated rental expense to continue to decrease both in total and as a percentage of consolidated revenue, excluding truckload and LTL fuel surcharge, as we currently do not plan to use operating leases as a primary means of funding our equipment purchases in 2022.

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

	2021	2020	2021 vs. 2020
	(Dollars in thousands)		Increase (decrease)
<b>Purchased transportation</b>	\$ 1,320,888	\$ 936,649	41.0 %
% of total revenue	22.0 %	20.0 %	200 bps
% of revenue, excluding truckload and LTL fuel surcharge	23.9 %	21.4 %	250 bps

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

**2021 Compared to 2020** — The increase in consolidated purchased transportation expense is primarily due to payments made to third-party carriers, partially offset by a 14.0% decrease in miles driven by independent contractors.

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

	2021	2020	2021 vs. 2020
	(Dollars in thousands)		Increase (decrease)
<b>Impairments</b>	\$ 299	\$ 5,335	(94.4 %)

**2021 Compared to 2020** — In 2021, we incurred impairment charges associated with revenue equipment held for sale and trailer tracking systems (within our Truckload and non-reportable segments). During 2020, impairments were related to investments in certain alternative fuel technology (within the non-reportable segments), certain tractors (within the Truckload segment), certain legacy trailers (within the non-reportable segments) as a result of a softer used equipment market, and trailer tracking equipment (within the Truckload segment).

	2021	2020	2021 vs. 2020
	(Dollars in thousands)		Increase (decrease)
<b>Miscellaneous operating expenses</b>	\$ 49,898	\$ 99,488	(49.8 %)

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

**2021 Compared to 2020** — Net consolidated miscellaneous operating expenses includes \$16.9 million of additional expense in 2021 from ACT's operating results. Excluding the results of ACT, the expense decreased by \$66.5 million, primarily due to a year-over-year increase in gain on sales of equipment.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED**
**Consolidated Other Expenses, net**

The following table summarizes fluctuations in certain non-operating expenses, included in our consolidated statements of comprehensive income:

	2021	2020	2021 vs. 2020
	(Dollars in thousands)		Increase (decrease)
Interest income	\$ (1,173)	\$ (1,928)	(39.2 %)
Interest expense	\$ 21,140	\$ 17,309	22.1 %
Other income, net	\$ (28,905)	\$ (11,254)	156.8 %
Income tax expense	\$ 230,887	\$ 149,676	54.3 %

**Interest income** — Interest income includes interest earned from financing revenue equipment to independent contractors, as well as interest earned from our investments.

**2021 Compared to 2020** — The decrease in consolidated interest income is primarily due to the rebalancing of our portfolio to cash and cash equivalents investments, due to lower yields from other types of short-term investments during 2021.

**Interest expense** — Interest expense is comprised of debt and finance lease interest expense as well as amortization of deferred loan costs.

**2021 Compared to 2020** — Consolidated interest expense increased due to higher overall debt balances from the 2021 Debt Agreement which was entered into on September 3, 2021 and replaced the July 2021 Term Loan and 2017 Debt Agreement. See Note 15 in Part II, Item 8 of this Annual Report for further information related to the 2021 Debt Agreement and related interest rates and deferred loan costs.

**Other income, net** — Other income, net is primarily comprised of income from unrealized gains and (losses) from our various equity investments, including our Embark and TRP investments, as well as certain other non-operating income and expense items that may arise outside of the normal course of business. See Note 6 in Part II, Item 8, of this Annual Report.

**2021 Compared to 2020** — The increase in consolidated other income is primarily due to unrealized gains recognized from our investment in Embark and an increase in unrealized gains recognized from other investments within our portfolio.

**Income tax expense** — In addition to the discussion below, Note 13 in Part II, Item 8 of this Annual Report provides further analysis related to income taxes.

**2021 Compared to 2020** — The increase in consolidated income tax expense was primarily due to an increase in income before income taxes which was partially offset by a reduction in the state deferred tax liability due to our recent acquisitions and adjustments to state tax rates and apportionment. All these factors resulted in a 2021 effective tax rate of 23.7% and a 2020 effective tax rate of 26.7%.



## Non-GAAP Financial Measures

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

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

Pursuant to the requirements of Regulation G, the following tables reconcile GAAP consolidated net income attributable to Knight-Swift to non-GAAP consolidated Adjusted Net Income attributable to Knight-Swift, GAAP consolidated earnings per diluted share to non-GAAP consolidated Adjusted Earnings per Diluted Share, GAAP consolidated operating ratio to non-GAAP consolidated Adjusted Operating Ratio, GAAP reportable segment operating income to non-GAAP reportable segment Adjusted Operating Income, and GAAP reportable segment operating ratio to non-GAAP reportable segment Adjusted Operating Ratio.

**Note regarding presentation:** A discussion in changes in our results of operations from 2019 to 2020 has been omitted from this Annual Report, but may be found in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2020 Annual Report filed with the SEC on February 25, 2021.

### Non-GAAP Reconciliation:

#### Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS

	2021	2020
	(Dollars in thousands)	
GAAP: Net income attributable to Knight-Swift	\$ 743,388	\$ 410,002
Adjusted for:		
Income tax expense attributable to Knight-Swift	230,887	149,676
Income before income taxes attributable to Knight-Swift	974,275	559,678
Amortization of intangibles <sup>1</sup>	55,299	45,895
Change in fair value of deferred earnout <sup>2</sup>	—	6,730
Impairments <sup>3</sup>	299	5,335
Legal accruals <sup>4</sup>	(2,481)	6,160
COVID-19 incremental costs <sup>5</sup>	—	12,259
Transaction fees <sup>6</sup>	4,445	—
Write-off of deferred debt issuance costs <sup>7</sup>	1,024	—
Adjusted income before income taxes	1,032,861	636,057
Provision for income tax expense at effective rate	(244,680)	(169,910)
Non-GAAP: Adjusted Net Income Attributable to Knight-Swift	\$ 788,181	\$ 466,147

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

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

	2021	2020
GAAP: Earnings per diluted share	\$ 4.45	\$ 2.40
Adjusted for:		
Income tax expense attributable to Knight-Swift	1.38	0.88
Income before income taxes attributable to Knight-Swift	5.83	3.28
Amortization of intangibles <sup>1</sup>	0.33	0.27
Change in fair value of deferred earnout <sup>2</sup>	—	0.04
Impairments <sup>3</sup>	—	0.03
Legal accruals <sup>4</sup>	(0.01)	0.04
COVID-19 incremental costs <sup>5</sup>	—	0.07
Transaction fees <sup>6</sup>	0.03	—
Write-off of deferred debt issuance costs <sup>7</sup>	0.01	—
Adjusted income before income taxes	6.18	3.73
Provision for income tax expense at effective rate	(1.46)	(1.00)
Non-GAAP: Adjusted EPS	\$ 4.72	\$ 2.73

- "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets identified in the 2017 Merger, the July 5, 2021 ACT Acquisition, and other acquisitions.
- "Change in fair value of deferred earnout" reflects the expense for the change in fair value of a deferred earnout related to the acquisition of a warehousing company, which is recorded in "Miscellaneous operating expenses."
- "Impairments" reflects the following non-cash impairments:
  - During 2021, impairments related to certain revenue equipment held for sale (within the non-reportable segments and the Truckload segment);
  - During 2020, impairments related to investments in certain alternative fuel technology (within the non-reportable segments), certain tractors (within the Truckload segment), certain legacy trailers (within the non-reportable segments) as a result of a softer used equipment market, and trailer tracking equipment (within the Truckload segment).
- "Legal accruals" are included in "Miscellaneous operating expenses" in the consolidated statements of comprehensive income and reflect the following:
  - During 2021, the reversal of an accrued legal matter previously identified as probable in 2019 was based on a recent decision of the appellate court, resulting in a change to a remote likelihood that a loss was incurred. Additional 2021 legal costs relate to certain class action lawsuits arising from employee and contract related matters.
  - During 2020, costs related to certain class action lawsuits arising from employee and contract related matters.
- "COVID-19 incremental costs" reflects costs incurred during 2020 that were directly attributable to the pandemic and were incremental to those incurred prior to the outbreak. These include payroll premiums paid to our driving associates and shop mechanics, additional disinfectants and cleaning supplies, and various other pandemic-specific items. The costs are clearly separable from our normal business operations and are not expected to recur once the pandemic subsides.
- "Transaction fees" consisted of legal and professional fees associated with the acquisitions of UTXL, ACT, and MME. The transaction fees are included within "Miscellaneous operating expenses" in the consolidated statements of comprehensive income.
- "Write-off of deferred debt issuance costs" was incurred from replacing the 2017 Debt Agreement with the 2021 Debt Agreement.

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

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

	2021	2020
	(Dollars in thousands)	
<b>GAAP Presentation</b>		
Total revenue	\$ 5,998,019	\$ 4,673,863
Total operating expenses	(5,032,322)	(4,109,425)
Operating income	\$ 965,697	\$ 564,438
Operating ratio	83.9 %	87.9 %
<b>Non-GAAP Presentation</b>		
Total revenue	\$ 5,998,019	\$ 4,673,863
Truckload and LTL fuel surcharge	(466,129)	(304,656)
Revenue, excluding truckload and LTL fuel surcharge	5,531,890	4,369,207
Total operating expenses	5,032,322	4,109,425
Adjusted for:		
Truckload and LTL fuel surcharge	(466,129)	(304,656)
Amortization of intangibles <sup>1</sup>	(55,299)	(45,895)
Change in fair value of deferred earnout <sup>2</sup>	—	(6,730)
Impairments <sup>3</sup>	(299)	(5,335)
Legal accruals <sup>4</sup>	2,481	(6,160)
COVID-19 incremental costs <sup>5</sup>	—	(12,259)
Transaction fees <sup>6</sup>	(4,445)	—
Adjusted Operating Expenses	4,508,631	3,728,390
Adjusted Operating Income	\$ 1,023,259	\$ 640,817
Adjusted Operating Ratio	81.5 %	85.3 %

- 1 See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS footnote 1.
- 2 See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS footnote 2.
- 3 See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS footnote 3.
- 4 See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS footnote 4.
- 5 See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS footnote 5.
- 6 See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS footnote 6.

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

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

### Truckload Segment

	2021	2020
	(Dollars in thousands)	
<b>GAAP Presentation</b>		
Total revenue	\$ 4,098,005	\$ 3,786,030
Total operating expenses	(3,313,569)	(3,207,518)
Operating income	\$ 784,436	\$ 578,512
Operating ratio	80.9 %	84.7 %
<b>Non-GAAP Presentation</b>		
Total revenue	\$ 4,098,005	\$ 3,786,030
Fuel surcharge	(415,606)	(304,656)
Intersegment transactions	(1,128)	(753)
Revenue, excluding fuel surcharge and intersegment transactions	3,681,271	3,480,621
Total operating expenses	3,313,569	3,207,518
Adjusted for:		
Fuel surcharge	(415,606)	(304,656)
Intersegment transactions	(1,128)	(753)
Amortization of intangibles <sup>1</sup>	(1,295)	(1,296)
Impairments <sup>2</sup>	(41)	(1,131)
COVID-19 incremental costs <sup>3</sup>	—	(12,146)
Adjusted Operating Expenses	2,895,499	2,887,536
Adjusted Operating Income	\$ 785,772	\$ 593,085
Adjusted Operating Ratio	78.7 %	83.0 %

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

<sup>2</sup> See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS footnote 3.

<sup>3</sup> See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS footnote 5.

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

**Logistics Segment**

	2021	2020
	(Dollars in thousands)	
<b>GAAP Presentation</b>		
Total revenue	\$ 817,003	\$ 375,841
Total operating expenses	(723,083)	(355,596)
Operating income	\$ 93,920	\$ 20,245
Operating ratio	88.5 %	94.6 %
<b>Non-GAAP Presentation</b>		
Total revenue	\$ 817,003	\$ 375,841
Intersegment transactions	(18,314)	(10,742)
Revenue, excluding intersegment transactions	798,689	365,099
Total operating expenses	723,083	355,596
Adjusted for:		
Intersegment transactions	(18,314)	(10,742)
Amortization of intangibles <sup>1</sup>	(765)	—
Adjusted Operating Expenses	704,004	344,854
Adjusted Operating Income	\$ 94,685	\$ 20,245
Adjusted Operating Ratio	88.1 %	94.5 %

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

**LTL Segment**

	2021
	(Dollars in thousands)
<b>GAAP Presentation</b>	
Total revenue	\$ 396,308
Total operating expenses	(365,139)
Operating income	\$ 31,169
Operating ratio	92.1 %
<b>Non-GAAP Presentation</b>	
Total revenue	\$ 396,308
Fuel surcharge	(50,523)
Revenue, excluding fuel surcharge and intersegment transactions	345,785
Total operating expenses	365,139
Adjusted for:	
Fuel surcharge	(50,523)
Amortization of intangibles <sup>1</sup>	(7,124)
Adjusted Operating Expenses	307,492
Adjusted Operating Income	38,293
Adjusted Operating Ratio	88.9 %

<sup>1</sup> "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets identified with the ACT Acquisition and MME Acquisition.

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

**Intermodal Segment**

	2021	2020
	(Dollars in thousands)	
<b>GAAP Presentation</b>		
Total revenue	\$ 458,867	\$ 391,462
Total operating expenses	(416,807)	(392,405)
Operating income (loss)	\$ 42,060	\$ (943)
Operating ratio	90.8 %	100.2 %
<b>Non-GAAP Presentation</b>		
Total revenue	\$ 458,867	\$ 391,462
Intersegment transactions	(284)	(364)
Revenue, excluding intersegment transactions	458,583	391,098
Total operating expenses	416,807	392,405
Adjusted for:		
Intersegment transactions	(284)	(364)
COVID-19 incremental costs <sup>1</sup>	—	(113)
Adjusted Operating Expenses	416,523	391,928
Adjusted Operating Income (Loss)	\$ 42,060	\$ (830)
Adjusted Operating Ratio	90.8 %	100.2 %

<sup>1</sup> See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS footnote 5.

**Non-GAAP Reconciliation: Free cash flow**

	2021
<b>GAAP: Cash flows from operations</b>	\$ 1,190,153
Adjusted for:	
Proceeds from sale of property and equipment, including assets held for sale	252,080
Purchases of property and equipment	(534,096)
<b>Non-GAAP: Free cash flow</b>	\$ 908,137

## Liquidity and Capital Resources

### Sources of Liquidity

The following table presents our available sources of liquidity as of December 31, 2021:

Source:	Amount
	(In thousands)
Cash and cash equivalents, excluding restricted cash	\$ 261,001
Availability under 2021 Revolver, due September 2026 <sup>1</sup>	775,969
Availability under 2021 RSA, due April 2024 <sup>2</sup>	55,700
Availability under 2021 Prudential Notes, issuance ending October 2023 <sup>3</sup>	80,000
Total unrestricted liquidity	\$ 1,172,670
Cash and cash equivalents — restricted <sup>4</sup>	89,022
Restricted investments, held-to-maturity, amortized cost <sup>4</sup>	5,866
Total liquidity, including restricted cash and restricted investments	\$ 1,267,558

- As of December 31, 2021, we had \$260.0 million in borrowings under our \$1.1 billion 2021 Revolver. We additionally had \$64.0 million in outstanding letters of credit (discussed below), leaving \$776.0 million available under the 2021 Revolver.
- Based on eligible receivables at December 31, 2021, our borrowing base for the 2021 RSA was \$400.0 million, while outstanding borrowings were \$279.0 million. We additionally had \$65.3 million in outstanding letters of credit (discussed below), leaving \$55.7 million available under the 2021 RSA.
- As of December 31, 2021, we had \$45.0 million outstanding principal on our shelf notes issued under our \$125.0 million 2021 Prudential Notes, leaving \$80.0 million available for issuance under the 2021 Prudential Notes.
- Restricted cash and restricted investments are primarily held by our captive insurance companies for claims payments. "Cash and cash equivalents — restricted" consists of \$87.2 million, which is included in "Cash and cash equivalents — restricted" in the consolidated balance sheets and is held by Mohave and Red Rock for claims payments. The remaining \$1.8 million is included in "Other long-term assets" and is held in escrow accounts to meet statutory requirements.

### Uses of Liquidity

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

**Capital Expenditures** — When justified by customer demand, as well as our liquidity and our ability to generate acceptable returns, we make substantial cash capital expenditures to maintain a modern company tractor fleet, refresh our trailer fleet, expand our network of LTL service centers, and, to a lesser extent, fund upgrades to our terminals and technology in our various service offerings. We expect net cash capital expenditures, including net cash expenditures of our LTL segment, will be in the range of \$550.0 to \$600.0 million in 2022. The range provided excludes cash outlays for potential acquisitions. We believe we have ample flexibility with our trade cycle and purchase agreements to alter our current plans if economic or other conditions warrant.

Over the long-term, we will continue to have significant capital requirements, which may require us to seek additional borrowing, lease financing, or equity capital. The availability of financing or equity capital will depend upon our financial condition and results of operations as well as prevailing market conditions. If such additional borrowing, lease financing, or equity capital is not available at the time we need it, then we may need to borrow more under the 2021 Revolver (if not then fully drawn), extend the maturity of then-outstanding debt, rely on alternative financing arrangements, engage in asset sales, limit our fleet size, or operate our revenue equipment for longer periods.

There can be no assurance that we will be able to obtain additional debt under our existing financial arrangements to satisfy our ongoing capital requirements. However, we believe the combination of our expected cash flows, financing available through operating and finance leases, available funds under our accounts receivable securitization, and availability under the 2021 Revolver will be sufficient to fund our expected capital expenditures for at least the next twelve months.

Refer to Note 18 in Part II, Item 8 of this Annual Report for additional discussion of our short-term and long-term



contractual payment obligations related to purchase commitments.

**Principal and Interest Payments** — As of December 31, 2021, we had debt, accounts receivable securitization, and finance lease obligations of \$2.1 billion, which are discussed under "Material Debt Agreements," below. Certain cash flows from operations are committed to minimum payments of principal and interest on our debt and lease obligations. Additionally, when our financial position allows, we periodically make voluntary prepayments on our outstanding debt balances.

Prior to the maturity of our 2021 RSA, 2021 Term Loans, 2021 Revolver, Prudential Notes, and other debt, we expect to be contractually obligated to make interest payments of approximately \$7.5 million, \$46.7 million, \$13.0 million, \$4.5 million, and \$0.2 million, respectively. Refer to Notes 14 and 15 in Part II, Item 8 of this Annual Report for additional discussion of the principal payment obligations related to the 2021 RSA and 2021 Debt Agreement.

Refer to Note 16 in Part II, Item 8 of this Annual Report for additional discussion on our contractual principal and interest payment obligations for finance leases.

**Letters of Credit** — Pursuant to the terms of the 2021 Debt Agreement and the 2021 RSA, our lenders may issue standby letters of credit on our behalf. When we have letters of credit outstanding, it reduces the availability under our 2021 Revolver or 2021 RSA. Standby letters of credit are typically issued for the benefit of regulatory authorities, insurance companies and state departments of insurance for the purpose of satisfying certain collateral requirements, primarily related to our automobile, workers' compensation, and general insurance liabilities.

**Share Repurchases** — From time to time, and depending on free cash flow availability, debt levels, stock prices, general economic and market conditions, as well as Board approval, we may repurchase shares of our outstanding common stock. The 2020 Knight-Swift Repurchase Plan had \$192.8 million available as of December 31, 2021. See further details regarding our share repurchases under Note 20 in Part II, Item 8 of this Annual Report.

### **Working Capital**

We had working capital surpluses of \$339.5 million as of December 31, 2021 and \$83.7 million as of December 31, 2020, due to an increase in trade receivables, the April 2021 refinance of our accounts receivable securitization (resulting in a reclassification to a noncurrent liability), partially offset by the reclassification of our 2021 Term Loan A-1 to a current liability (due December 2022).

### **Material Debt Agreements**

As of December 31, 2021, we had \$2.1 billion in material debt obligations at the following carrying values:

- \$199.7 million: 2021 Term Loan A-1, due December 2022, net of \$0.3 million in deferred loan costs
- \$199.6 million: 2021 Term Loan A-2, due September 2024, net of \$0.4 million in deferred loan costs
- \$798.4 million: 2021 Term Loan A-3, due September 2026, net of \$1.6 million in deferred loan costs
- \$278.5 million: 2021 RSA outstanding borrowings, net of \$0.5 million in deferred loan costs
- \$306.2 million: Finance lease obligations
- \$260.0 million: 2021 Revolver, due September 2026
- \$52.3 million: Other, net of \$0.1 million in deferred loan costs

As of December 31, 2020, we had \$913.6 million in material debt obligations at the following carrying values:

- \$298.9 million: 2017 Term Loan, due October 2022, net of \$1.1 million in deferred loan costs
- \$213.9 million: 2018 RSA outstanding borrowings, due July 2021, net of \$0.1 million in deferred loan costs
- \$190.8 million: Finance lease obligations
- \$210.0 million: 2017 Revolver, due October 2022

Key terms and other details regarding our material debt obligations and finance leases are discussed in Notes 14, 15, and 16 in Part II, Item 8 of this Annual Report, and are incorporated by reference herein.

## KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

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

## Cash Flow Analysis

	2021	2020	Change
	(In thousands)		
Net cash provided by operating activities	\$ 1,190,153	\$ 919,645	\$ 270,508
Net cash used in investing activities	(1,816,733)	(480,712)	(1,336,021)
Net cash provided by (used in) financing activities	779,326	(443,884)	1,223,210

### Net Cash Provided by Operating Activities

**2021 Compared to 2020** — The \$270.5 million increase in net cash provided by operating activities was primarily due to \$214.0 million in additional net cash provided by ACT's operating activities in 2021.

### Net Cash Used in Investing Activities

**2021 Compared to 2020** — Net cash used in investing activities increased by \$1.3 billion, as we spent \$1.5 billion on acquisitions in 2021, compared to \$46.8 million in 2020.

### Net Cash Provided By (Used in) Financing Activities

**2021 Compared to 2020** — Net cash related to financing activities increased by \$1.2 billion, primarily due to the \$1.2 billion in proceeds from the 2021 Debt Agreement.

## Inflation

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

## Critical Accounting Estimates

The preparation of our consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that impact the amounts reported in our 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. We evaluate 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 our estimates and assumptions, and it is possible that materially different amounts could be reported using differing estimates or assumptions. We consider our critical accounting estimates to be those that require us to make more significant judgments and estimates when we prepare our financial statements.

Note 2 in Part II, Item 8 of this Annual Report describes the Company's accounting policies. The following discussion should be read in conjunction with Note 2, as it presents uncertainties involved in applying the accounting policies, and provides insight into the quality of management's estimates and variability in the amounts recorded for these critical accounting estimates. Our critical accounting estimates include the following:

**Claims Accruals** — Insurance and claims expense varies as a percentage of total revenue, based on the frequency and severity of claims incurred in a given period, as well as changes in claims development trends. The actual cost to settle our self-insured claim liabilities may differ from our reserve estimates due to legal costs, claims that have been incurred but not reported, and various other uncertainties, including the inherent difficulty in estimating the severity of the claim and the potential judgment or settlement amount to dispose of the claim. If

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

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

claims development factors that are based upon historical experience had increased by 10%, our claims accrual as of December 31, 2021 would have potentially increased by \$36.3 million.

Refer to Note 12, in Part II, Item 8 of this Annual Report for discussion about the changes in the claims accrual balance.

**Goodwill and Indefinite-lived Intangible Assets** — The test of goodwill requires judgment, including the identification of reporting units, assigning assets (including goodwill) and liabilities to reporting units and determining the fair value of each reporting unit. Fair value of the reporting unit is determined using a combination of comparative valuation multiples of publicly traded companies, internal transaction methods, and discounted cash flow models. Estimating the fair value of reporting units includes several significant assumptions, including future cash flow estimates, determination of appropriate discount rates, and other assumptions that management believed reasonable under the circumstances. Changes in these estimates and assumptions could materially affect the determination of fair value and/or goodwill impairment for each reporting unit.

Knight-Swift evaluated its goodwill associated with the 2017 Merger and various acquisitions as of June 30, 2021 and 2020. The evaluations were completed using fair value measurement guidance prescribed in ASC 350, *Intangibles – Goodwill and Other*. The fair value of the goodwill was established using an equal weighting of both the income and market approaches. In evaluating this quantitative analysis, the Company determined that it was more likely than not that fair value exceeded carrying value for the Company's reporting units as of June 30, 2021 and 2020.

The test of indefinite-lived intangible assets consists of a comparison of the estimated fair value of certain trade names to their carrying values. The determination of the fair value of the trade names requires management to make significant estimates and assumptions related to forecasts of future revenues, discount rates, and royalty rates. Changes in these assumptions could materially affect the determination of the fair value of the trade names, the amount of any trade names impairment charge, or both. Management evaluated trade names for impairment as of June 30, 2021 and 2020 noting that the fair value exceeded carrying value for the trade name.

Refer to Note 10, in Part II, Item 8 of this Annual Report for discussion about the changes in the goodwill and indefinite-lived intangible asset balances.

**Depreciation and Amortization** — Selecting the appropriate accounting method requires management judgment, as there are multiple acceptable methods that are in accordance with GAAP, including straight-line, declining-balance, and sum-of-the-years' digits. As discussed in Note 2 included in Part II, Item 8 of this Annual Report, property and equipment is depreciated on a straight-line basis and intangible customer relationships are amortized on a straight-line basis over the estimated useful lives of the assets. We believe that these methods properly spread the costs over the useful lives of the assets. Management judgment is also involved when determining estimated useful lives of the Company's long-lived assets. We determine useful lives of our long-lived assets, based on historical experience, as well as future expectations regarding the period we expect to benefit from the asset. Factors affecting estimated useful lives of property and equipment may include estimating loss, damage, obsolescence, and company policies around maintenance and asset replacement. Factors affecting estimated useful lives of long-lived intangible assets may include legal, contractual, or other provisions that limit useful lives, historical experience with similar assets, future expectations of customer relationships, among others.

Refer to Note 10, in Part II, Item 8 of this Annual Report for discussion about the impact of the amortization of definite-lived intangibles on our results for 2021 and 2020.

**Impairments of Long-lived Assets** — Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values, and third-party independent appraisals, as necessary. Estimating fair value includes several significant assumptions, including future cash flow estimates, determination of appropriate discount rates, and other assumptions that management believed reasonable under the circumstances. Changes in these estimates and assumptions could materially affect the determination of fair value and/or impairment.

Refer to Note 23, in Part II, Item 8 of this Annual Report for discussion about the changes in long-lived assets and the impact on our results for 2021 and 2020.

## KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

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

**Income Taxes** — Significant management judgment is required in determining our provision for income taxes and in determining whether deferred tax assets will be realized in full or in part. We periodically assess the likelihood that all or some portion of deferred tax assets will be recovered from future taxable income. To the extent we believe the likelihood of recovery is not sufficient, a valuation allowance is established for the amount determined not to be realizable. Management judgment is necessary in determining the frequency at which we assess the need for a valuation allowance, the accounting period in which to establish the valuation allowance, as well as the amount of the valuation allowance. We believe that we have adequately provided for our future tax consequences based upon current facts and circumstances and current tax law. However, should our tax positions be challenged, different outcomes could result and have a significant impact on the amounts reported in our consolidated statements of comprehensive income.

Management judgment is also required regarding a variety of other factors including the appropriateness of tax strategies. We utilize certain income tax planning strategies to reduce our overall income taxes. It is possible that certain strategies might be disallowed, resulting in an increased liability for income taxes. Significant management judgments are involved in assessing the likelihood of sustaining the strategies and determining the likely range of defense and settlement costs, in the event that tax strategies are challenged by taxing authorities. An ultimate result worse than our expectations could adversely affect our results of operations.

Refer to Note 13, in Part II, Item 8 of this Annual Report for discussion about the changes in the balances of deferred taxes assets and related valuation allowances.

**Leases** — At the inception of a lease, management judgment is involved in the determination of the discount rate, the determination of whether a contract contains a lease, classification of operating versus finance lease, assessment of useful lives, and estimation of residual values. Discounted future minimum lease payments are used in determining the lease classification represent the present value of minimum rental payments called for over the lease term, inclusive of residual value guarantees (if applicable) and amounts that would be required to be paid, if any, by the Company upon default for leases containing subjective acceleration or cross default clauses.

Refer to Note 16, in Part II, Item 8 of this Annual Report for discussion about the changes in balance of operating leases.

**Stock-based Compensation** — We issue several types of stock-based compensation, including awards that vest, based on service conditions, performance conditions, or a combination of service and performance conditions. Determining the appropriate amount to expense in each period is based on likelihood and timing of achievement of the stated targets for performance-based awards, and requires judgment, including forecasting future financial results and market performance. The estimates are revised periodically, based on the probability and timing of achieving the required performance targets, and adjustments are made as appropriate. There is also some judgement involved with estimating expected forfeiture rates as we have opted to net the benefit of expected forfeitures against our stock-based compensation expense.

Refer to Note 21, in Part II, Item 8 of this Annual Report for discussion about the assumptions related to these awards and the impact on our results for 2021 and 2020.

**Legal Settlements and Reserves** — See Note 19 in Part II Item 8 of this Annual Report.

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## Recently Issued Accounting Pronouncements

See Note 3 in Part II, Item 8 of this Annual Report, which is incorporated herein by reference, for recently issued accounting pronouncements that could have an impact on our consolidated financial statements.

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## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### Interest Rate Risk

We have exposure from variable interest rates, primarily related to our 2021 Debt Agreement and 2021 RSA. These variable interest rates are impacted by changes in short-term interest rates. We primarily manage interest rate exposure through a mix of variable rate debt (weighted average rate of 1.1% as of December 31, 2021) and fixed rate equipment lease financing. Assuming the level of borrowings as of December 31, 2021, a hypothetical one percentage point increase in interest rates would increase our annual interest expense by \$17.9 million.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**

***Commodity Price Risk***

We have commodity exposure with respect to fuel used in company-owned tractors. Increases in fuel prices would continue to raise our operating costs, even after applying fuel surcharge revenue. Historically, we have been able to recover a majority of fuel price increases from our customers in the form of fuel surcharges. The weekly average diesel price per gallon in the US increased to an average of \$3.29 per gallon for 2021 from an average of \$2.56 per gallon for 2020. We cannot predict the extent or speed of potential changes in fuel price levels in the future, the degree to which the lag effect of our fuel surcharge programs will impact us as a result of the timing and magnitude of such changes, or the extent to which effective fuel surcharges can be maintained and collected to offset such increases. We generally have not used derivative financial instruments to hedge our fuel price exposure in the past, but continue to evaluate this possibility.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The Consolidated Financial Statements of the Company as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020, and 2019, together with related notes and the report of Grant Thornton LLP, independent registered public accountants, are set forth on the following pages. Other required financial information set forth herein is more fully described in Item 15 of this Annual Report.

**Audited Financial Statements of Knight-Swift Transportation Holdings Inc.**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders  
Knight-Swift Transportation Holdings Inc.

### Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Knight-Swift Transportation Holdings Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2021, 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 three years in the period ended December 31, 2021, 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 24, 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 matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate 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 matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

#### *Goodwill impairment assessment*

As described further in the footnotes to the consolidated financial statements, management evaluates goodwill on an annual basis as of June 30, or more frequently if impairment indicators exist, at the reporting unit level. Management estimates the fair values of its reporting units using a combination of the income and market approaches. The determination of the fair value of the reporting units requires management to make significant estimates and assumptions related to forecasts of future revenues and operating expenses and discount rates. Changes in these assumptions could materially affect the determination of the fair value of the reporting units, the amount of any goodwill impairment charge, or both.

We identified the goodwill impairment assessment of certain reporting units as a critical audit matter. The principal consideration for this determination is that management utilized significant judgment when estimating the fair value of these reporting units. In turn, auditing management's judgments regarding forecasts of future revenues and



operating expenses, and the discount rates applied, involved a high degree of subjectivity due to the estimation uncertainty of management's significant judgments.

Our audit procedures related to the goodwill impairment assessment included the following, among others:

- We tested the operating effectiveness of controls relating to the goodwill impairment assessment, including the determination of the fair value of the reporting units.
- We tested management's process for determining the fair value of the reporting units. This included evaluating the appropriateness of the valuation methods and testing the completeness, accuracy and relevance of data used by management.
- We evaluated the reasonableness of management's significant assumptions, which included forecasted revenues and operating expenses. We tested whether these forecasts were reasonable and consistent with historical performance, third-party market data, and other evidence obtained in other areas of the audit.
- We tested the Company's discounted cash flow models for the reporting units with the assistance of valuation specialists, including the reasonableness of the utilized discount rates.
- We tested the Company's use of the market approach with the assistance of valuation specialists, including the reasonableness of selected multiples.

*Indefinite-lived intangible asset impairment assessment – trade name*

As described further in the footnotes to the consolidated financial statements, management evaluates the trade names for impairment on an annual basis, or more frequently if impairment indicators exist. The impairment test consists of a comparison of the carrying amount with the projected discounted cash flows from the use and eventual disposition of the asset group. The determination of the fair value of the trade names requires management to make significant estimates and assumptions related to forecasts of future revenues, discount rates, and royalty rates. Changes in these assumptions could materially affect the determination of the fair value of the trade names, the amount of any trade names impairment charge, or both.

We identified the trade name impairment assessment of a certain trade name as a critical audit matter. The principal consideration for this determination is that management used significant judgment when estimating the fair value of the trade name. In turn, auditing management's judgments regarding forecasts of future revenue, the discount rate applied, and the royalty rate, involved a high degree of subjectivity due to the estimation uncertainty of management's significant judgments.

Our audit procedures related to the trade name indefinite-lived intangible asset impairment assessment included the following, among others:

- We tested the operating effectiveness of controls relating to the trade name impairment assessment, including the determination of the fair value of the trade name.
- We tested management's process for determining the fair value of the trade name. This included evaluating the appropriateness of the valuation method, testing the completeness, accuracy and relevance of data used by management.
- We evaluated the reasonableness of management's significant assumptions, which included forecasted revenues. We tested whether these forecasts were reasonable and consistent with historical performance, third-party market data, and other evidence obtained in other areas of the audit.
- We tested the reasonableness of the Company's discount rate and royalty rate with the assistance of valuation specialists.

*Swift Auto liability and workers' compensation claims reserve accrual*

As described in the footnotes to the consolidated financial statements, the Company is self-insured for a portion of its risk related to auto liability and workers' compensation. The Company accrues for the cost of the uninsured portion of pending claims by evaluating the nature and severity of individual claims and by estimating future claims development based upon historical development trends. The actual cost to settle self-insured claim liabilities may differ from the Company's reserve estimates due to legal costs, claims that have been incurred but not reported, and various other uncertainties, including the inherent difficulty in estimating the severity of the claims and the potential judgment or settlement amount to dispose of the claim.

We identified the estimation of Swift's auto liability and workers' compensation claims accruals, subject to certain self-insured retention, as a critical audit matter. Auto liability and workers' compensation unpaid claim liabilities are determined by projecting the estimated ultimate loss related to a claim, less actual costs paid to date. These estimates rely on the assumption that historical claim patterns are an accurate representation for future claims that have been incurred but not completely paid. The principal considerations for assessing auto liability and workers' compensation claims as a critical audit matter are the high level of estimation uncertainty related to determining the severity of these types of claims, as well as the inherent subjectivity in management's judgment in estimating the total costs to settle or dispose of these claims.

Our audit procedures related to this critical audit matter included the following, among others:

- We tested the operating effectiveness of controls over auto liability and workers' compensation claims, including the completeness and accuracy of claim expenses and payments.
- We tested management's process for determining the auto liability and workers' compensation accrual, including evaluating the reasonableness of the methods and assumptions used in estimating the ultimate claim losses with the assistance of an actuarial specialist.
- We tested the claims data used in the claims liability calculation by inspecting source documents to test key attributes of the claims data.

*Customer relationships acquired with the AAA Cooper Transportation acquisition*

As described further in the footnotes to the consolidated financial statements, on July 5, 2021, the Company acquired 100% of AAA Cooper Transportation. The total purchase price consideration was \$1.31 billion, which allocated \$406.2 million to separately identified intangible assets, including customer relationships of \$250.8 million. The determination of the fair value of the customer relationships requires management to make significant estimates and assumptions related to forecasts of future revenues, expenses and the discount rate applied. Changes in these assumptions could materially affect the determination of the fair value of the customer relationships. We identified the fair value assigned to the customer relationships included on the opening balance sheet as a critical audit matter. The principal considerations for our determination that the acquired customer relationships are a critical audit matter is that management utilized significant judgment when estimating the fair value assigned to the customer relationships. In turn, auditing management's judgments regarding the assigned fair value involved a high degree of subjectivity due to the estimation uncertainty of management's significant judgments.

Our audit procedures related to the estimated fair value assigned to acquired customer relationships included the following, among others.

- We tested the operating effectiveness of controls relating to the identification of the acquired customer relationships, including the determination of the fair value.
- We tested management's process for determining the fair value of the acquired customer relationships. This included evaluating the appropriateness of the valuation method and testing the completeness, accuracy, and relevance of data used by management.
- We evaluated the reasonableness of management's significant assumptions, which included forecasted revenues and operating expenses. We tested whether these forecasts were reasonable and consistent with historical performance and third-party market data.
- We tested the reasonableness of the Company's discount rate applied to the present value of the estimated future cash flows model with the assistance of valuation specialists.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2011.

Phoenix, Arizona  
February 24, 2022

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**
**Consolidated Balance Sheets**

	December 31,	
	2021	2020
	(In thousands, except per share data)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 261,001	\$ 156,699
Cash and cash equivalents – restricted	87,241	39,328
Restricted investments, held-to-maturity, amortized cost	5,866	9,001
Trade receivables, net of allowance for doubtful accounts of \$21,663 and \$22,093, respectively	911,336	578,479
Contract balance – revenue in transit	22,936	14,560
Prepaid expenses	90,507	71,649
Assets held for sale	8,166	29,756
Income tax receivable	909	2,903
Other current assets	26,318	20,988
Total current assets	1,414,280	923,363
Property and equipment:		
Revenue equipment	3,994,519	3,417,194
Land and land improvements	326,731	236,517
Buildings and building improvements	639,990	458,464
Furniture and fixtures	97,102	69,250
Shop and service equipment	46,640	29,033
Leasehold improvements	13,915	12,890
Total property and equipment	5,118,897	4,223,348
Less: accumulated depreciation and amortization	(1,563,533)	(1,230,696)
Property and equipment, net	3,555,364	2,992,652
Operating lease right-of-use-assets	147,540	113,296
Goodwill	3,515,135	2,922,964
Intangible assets, net	1,831,049	1,389,245
Other long-term assets	192,132	126,482
Total assets	\$ 10,655,500	\$ 8,468,002
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 224,844	\$ 101,001
Accrued payroll and purchased transportation	217,084	160,888
Accrued liabilities	128,536	88,894
Claims accruals – current portion	206,607	174,928
Finance lease liabilities and long-term debt – current portion	262,423	52,583
Operating lease liabilities – current portion	35,322	47,496
Accounts receivable securitization – current portion	—	213,918
Total current liabilities	1,074,816	839,708
Revolving line of credit	260,000	210,000
Long-term debt – less current portion	1,037,552	298,907
Finance lease liabilities – less current portion	256,166	138,243
Operating lease liabilities – less current portion	107,614	69,852
Accounts receivable securitization – less current portion	278,483	—
Claims accruals – less current portion	210,714	174,814
Deferred tax liabilities	874,877	815,941
Other long-term liabilities	11,828	48,497
Total liabilities	4,112,050	2,595,962
Commitments and contingencies (Notes 4, 6, 17, 18, and 19)		
Stockholders' equity:		
Preferred stock, par value \$0.01 per share; 10,000 shares authorized; none issued	—	—
Common stock, par value \$0.01 per share; 500,000 shares authorized; 165,980 and 166,553 shares issued and outstanding as of December 31, 2021 and 2020, respectively.	1,660	1,665
Accumulated other comprehensive loss	(563)	—
Additional paid-in capital	4,350,913	4,301,424
Retained earnings	2,181,142	1,566,759
Total Knight-Swift stockholders' equity	6,533,152	5,869,848
Noncontrolling interest	10,298	2,192
Total stockholders' equity	6,543,450	5,872,040
Total liabilities and stockholders' equity	\$ 10,655,500	\$ 8,468,002

See accompanying notes to consolidated financial statements.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**
**Consolidated Statements of Comprehensive Income**

	2021	2020	2019
	(In thousands, except per share data)		
<b>Revenue:</b>			
Revenue, excluding truckload and LTL fuel surcharge	\$ 5,531,890	\$ 4,369,207	\$ 4,395,332
Truckload and LTL fuel surcharge	466,129	304,656	448,618
Total revenue	5,998,019	4,673,863	4,843,950
<b>Operating expenses:</b>			
Salaries, wages, and benefits	1,771,772	1,483,188	1,474,073
Fuel	546,256	416,307	583,123
Operations and maintenance	313,505	275,290	322,188
Insurance and claims	275,378	192,840	194,336
Operating taxes and licenses	98,784	87,422	88,481
Communications	22,486	19,596	19,520
Depreciation and amortization of property and equipment	522,596	460,775	420,082
Amortization of intangibles	55,299	45,895	42,876
Rental expense	55,161	86,640	122,738
Purchased transportation	1,320,888	936,649	1,035,969
Impairments	299	5,335	3,486
Miscellaneous operating expenses	49,898	99,488	109,640
Total operating expenses	5,032,322	4,109,425	4,416,512
Operating income	965,697	564,438	427,438
<b>Other (expenses) income:</b>			
Interest income	1,173	1,928	3,834
Interest expense	(21,140)	(17,309)	(29,433)
Other income, net	28,905	11,254	12,137
Total other (expenses) income, net	8,938	(4,127)	(13,462)
Income before income taxes	974,635	560,311	413,976
Income tax expense	230,887	149,676	103,798
Net income	743,748	410,635	310,178
Net income attributable to noncontrolling interest	(360)	(633)	(972)
Net income attributable to Knight-Swift	\$ 743,388	\$ 410,002	\$ 309,206
Other comprehensive loss	(563)	—	—
Comprehensive income	\$ 742,825	\$ 410,002	\$ 309,206
<b>Earnings per share:</b>			
Basic	\$ 4.48	\$ 2.42	\$ 1.80
Diluted	\$ 4.45	\$ 2.40	\$ 1.80
<b>Dividends declared per share:</b>	\$ 0.38	\$ 0.32	\$ 0.24
<b>Weighted average shares outstanding:</b>			
Basic	165,860	169,711	171,541
Diluted	167,060	170,549	172,142

See accompanying notes to consolidated financial statements.

# KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

## Consolidated Statements of Stockholders' Equity

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Knight-Swift Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Par Value						
	(In thousands)							
<b>Balances – December 31, 2018</b>	172,844	\$ 1,728	\$ 4,242,369	\$ 1,216,852	\$ —	\$ 5,460,949	\$ 1,770	\$ 5,462,719
Common stock issued to employees	621	7	10,471			10,478		10,478
Common stock issued to the Board	19	—	531			531		531
Common stock issued under ESPP	78	1	2,297			2,298		2,298
Company shares repurchased	(2,874)	(29)		(86,863)		(86,892)		(86,892)
Shares withheld – RSU settlement				(2,330)		(2,330)		(2,330)
Employee stock-based compensation expense			13,375			13,375		13,375
Cash dividends paid and dividends accrued (\$0.24 per share)				(41,400)		(41,400)		(41,400)
Net income attributable to Knight-Swift				309,206		309,206		309,206
Distribution to noncontrolling interest							(654)	(654)
Net income attributable to noncontrolling interest							972	972
<b>Balances – December 31, 2019</b>	170,688	\$ 1,707	\$ 4,269,043	\$ 1,395,465	\$ —	\$ 5,666,215	\$ 2,088	\$ 5,668,303
Common stock issued to employees	631	6	10,007			10,013		10,013
Common stock issued to the Board	13	—	515			515		515
Common stock issued under ESPP	62	—	2,220			2,220		2,220
Company shares repurchased	(4,841)	(48)		(179,537)		(179,585)		(179,585)
Shares withheld – RSU settlement				(4,510)		(4,510)		(4,510)
Employee stock-based compensation expense			19,639			19,639		19,639
Cash dividends paid and dividends accrued (\$0.32 per share)				(54,661)		(54,661)		(54,661)
Net income attributable to Knight-Swift				410,002		410,002		410,002
Distribution to noncontrolling interest							(529)	(529)
Net income attributable to noncontrolling interest							633	633
<b>Balances – December 31, 2020</b>	166,553	\$ 1,665	\$ 4,301,424	\$ 1,566,759	\$ —	\$ 5,869,848	\$ 2,192	\$ 5,872,040
Common stock issued to employees	510	6	5,918			5,924		5,924
Common stock issued to the Board	12	—	575			575		575
Common stock issued with ACT Acquisition	219	2	9,998			10,000		10,000
Common stock issued under ESPP	63	1	2,782			2,783		2,783
Company shares repurchased	(1,377)	(14)		(57,161)		(57,175)		(57,175)
Shares withheld – RSU settlement				(8,257)		(8,257)		(8,257)
Employee stock-based compensation expense			33,495			33,495		33,495
Cash dividends paid and dividends accrued (\$0.38 per share)				(63,587)		(63,587)		(63,587)
Net income attributable to Knight-Swift				743,388		743,388		743,388
Other comprehensive income					(563)	(563)		(563)
Noncontrolling interest associated with acquisition							10,281	10,281
Distribution to noncontrolling interest							(64)	(64)
Net income attributable to noncontrolling interest							360	360
Net acquisition of remaining ownership interest, previously noncontrolling			(3,279)			(3,279)	(2,471)	(5,750)
<b>Balances – December 31, 2021</b>	165,980	\$ 1,660	\$ 4,350,913	\$ 2,181,142	\$ (563)	\$ 6,533,152	\$ 10,298	\$ 6,543,450

See accompanying notes to consolidated financial statements.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**
**Consolidated Statements of Cash Flows**

	2021	2020	2019
	(In thousands)		
<b>Cash flows from operating activities:</b>			
Net income	\$ 743,748	\$ 410,635	\$ 310,178
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property, equipment, and intangibles	577,895	506,670	462,958
Gain on sale of property and equipment	(74,799)	(9,706)	(32,935)
Impairments	299	5,335	3,486
Deferred income taxes	39,929	46,214	30,731
Non-cash lease expense	45,192	80,891	120,769
Other adjustments to reconcile net income to net cash provided by operating activities	28,279	43,682	24,156
Increase (decrease) in cash resulting from changes in:			
Trade receivables	(214,573)	(75,521)	70,106
Income tax receivable	2,528	14,123	(10,069)
Accounts payable	73,371	7,500	(13,180)
Accrued liabilities and claims accrual	40,872	(31,210)	(919)
Operating lease liabilities	(48,171)	(83,675)	(121,737)
Other assets and liabilities	(24,417)	4,707	(3,950)
Net cash provided by operating activities	1,190,153	919,645	839,594
<b>Cash flows from investing activities:</b>			
Proceeds from maturities of held-to-maturity investments	10,624	13,675	22,695
Purchases of held-to-maturity investments	(7,706)	(16,936)	(14,302)
Proceeds from sale of property and equipment, including assets held for sale	252,080	133,230	260,140
Purchases of property and equipment	(534,096)	(521,067)	(829,977)
Expenditures on assets held for sale	(1,367)	(483)	(16,093)
Net cash, restricted cash, and equivalents invested in acquisitions	(1,496,208)	(46,811)	(1,885)
Investment in convertible notes	(35,000)	—	—
Other cash flows from investing activities	(5,060)	(42,320)	(4,284)
Net cash used in investing activities	(1,816,733)	(480,712)	(583,706)
<b>Cash flows from financing activities:</b>			
Repayment of finance leases and long-term debt	(409,889)	(148,910)	(115,642)
Proceeds from long-term debt	1,200,000	—	—
Borrowings (repayments) on revolving lines of credit, net	50,000	(69,000)	84,000
Borrowings under accounts receivable securitization	80,000	61,000	150,000
Repayment of accounts receivable securitization	(15,000)	(52,000)	(185,000)
Proceeds from common stock issued	9,282	12,748	13,307
Repurchases of the Company's common stock	(57,175)	(179,585)	(86,892)
Dividends paid	(63,535)	(54,620)	(41,425)
Other cash flows from financing activities	(14,357)	(13,517)	(2,984)
Net cash provided by (used in) financing activities	779,326	(443,884)	(184,636)
Net increase (decrease) in cash, restricted cash, and equivalents	152,746	(4,951)	71,252
Cash, restricted cash, and equivalents at beginning of period	197,277	202,228	130,976
Cash, restricted cash, and equivalents at end of period	\$ 350,023	\$ 197,277	\$ 202,228

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**
**Consolidated Statements of Cash Flows — Continued**

	2021	2020	2019
	(In thousands)		
<b>Supplemental disclosures of cash flow information:</b>			
<b>Cash paid during the period for:</b>			
Interest	\$ 18,949	\$ 17,396	\$ 28,916
Income taxes	167,092	80,006	78,658
<b>Non-cash investing and financing activities:</b>			
Equipment acquired included in accounts payable	\$ 10,489	\$ 651	\$ 6,748
Equipment sales receivables	67	223	1,333
Financing provided to independent contractors for equipment sold	4,773	5,428	5,288
Transfer from property and equipment to assets held for sale	92,445	75,292	137,391
Noncontrolling interest associated with acquisition	10,281	—	—
Contingent consideration associated with acquisition	6,250	16,200	—
Value of common stock issued for acquisition	10,000	—	—
Conversion of note receivable to equity investment	37,631	—	—
Right-of-use assets obtained in exchange for operating lease liabilities	22,771	12,406	9,803
Right-of-use assets obtained in exchange for new operating lease liabilities through acquisitions	50,988	12,356	—
Property and equipment obtained in exchange for new finance lease liabilities	181,234	137,097	—
Property and equipment obtained in exchange for finance lease liabilities reclassified from operating lease liabilities	42,298	67,430	56,352
<b>Reconciliation of Cash, Restricted Cash, and Equivalents:</b>			
	2021	2020	2019
	(In thousands)		
<b>Consolidated Balance Sheets</b>			
Cash and cash equivalents	\$ 261,001	\$ 156,699	\$ 159,722
Cash and cash equivalents – restricted <sup>1</sup>	87,241	39,328	41,331
Other long-term assets <sup>1</sup>	1,781	1,250	1,175
<b>Consolidated Statements of Cash Flows</b>			
Cash, restricted cash, and equivalents	\$ 350,023	\$ 197,277	\$ 202,228

<sup>1</sup> Reflects cash and cash equivalents that are primarily restricted for claims payments

See accompanying notes to consolidated financial statements.



KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

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## Notes to Consolidated Financial Statements

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### Note 1 — Introduction and Basis of Presentation

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

### Description of Business

Knight-Swift is a transportation solutions provider, headquartered in Phoenix, Arizona. During 2021, the Truckload segment operated an average of 18,019 tractors (comprised of 16,166 company tractors and 1,853 independent contractor tractors). The Company operated 67,606 trailers during the year, including trailers within the Truckload segment and leasing activities within the non-reportable segments. The LTL segment operated an average 2,735 tractors and 7,413 trailers. Additionally, the Intermodal segment operated an average of 597 tractors and 10,847 intermodal containers. The Company's four reportable segments are Truckload, Logistics, LTL, and Intermodal.

### 2017 Merger

On September 8, 2017, the Company became Knight-Swift Transportation Holdings Inc. upon the effectiveness of the 2017 Merger. Immediately upon the consummation of the 2017 Merger, former Knight stockholders and former Swift stockholders owned approximately 46.0% and 54.0%, respectively, of the Company. Upon closing of the 2017 Merger, the shares of Knight common stock that previously traded under the ticker symbol "KNX" ceased trading and were delisted from the NYSE. The shares of Class A common stock commenced trading on the NYSE on a post-reverse split basis under the ticker symbol "KNX" on September 11, 2017.

### Recent Acquisitions

The Company recently acquired the following entities:

- 100.0% of MME on December 6, 2021. The results are included within the LTL segment.
- 100.0% of ACT on July 5, 2021. The results are included within the LTL segment.
- 100.0% of UTXL on June 1, 2021. The results are included within the Logistics segment.
- 79.44% of Eleos on February 1, 2021. The results are included within the non-reportable segments. The noncontrolling interest is presented as a separate component of the consolidated financial statements.
- 100.0% of Warehousing Co. on January 1, 2020. The results are included within the non-reportable segments.

**Note regarding comparability:** In accordance with the accounting treatment applicable to the transactions, the Company's consolidated results, as reported, do not include the operating results of its ownership interest in the acquired entities prior to the respective acquisition dates. Accordingly, comparisons between the Company's current and prior period results may not be meaningful.

Additional information regarding the Company's recent acquisitions is included in Note 4.

### Basis of Presentation

The consolidated financial statements include the accounts of Knight-Swift Transportation Holdings Inc. and its subsidiaries. In management's opinion, these consolidated financial statements were prepared in accordance with GAAP and include all adjustments necessary (consisting of normal recurring adjustments) for the fair presentation of the periods presented.

With respect to transactional/durational data, references to "years", including "2021", "2020", and "2019" pertain to calendar years. Similarly, references to "quarters", including "first", "second", "third", and "fourth" pertain to calendar quarters.

### Seasonality

In the full truckload transportation industry, results of operations generally follow a seasonal pattern. Freight volumes in the first quarter are typically lower due to less consumer demand, customers reducing shipments following the holiday season, and inclement weather. At the same time, operating expenses generally increase, and tractor productivity of the Company's Truckload fleet, independent contractors, and third-party carriers decreases during the winter months due to decreased fuel efficiency, increased cold-weather-related equipment maintenance

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

and repairs, and increased insurance claims and costs attributed to higher accident frequency from harsh weather. These factors typically lead to lower operating profitability, as compared to other parts of the year. Additionally, beginning in the latter half of the third quarter and continuing into the fourth quarter, the Company typically experiences surges pertaining to holiday shopping trends toward delivery of gifts purchased over the Internet as well as the length of the holiday season (consumer shopping days between Thanksgiving and Christmas). However, as the Company continues to diversify its business through expansion into the LTL industry, warehousing, and other activities, seasonal volatility is becoming more tempered. Additionally, macroeconomic trends and cyclical changes in the trucking industry, including imbalances in supply and demand, can override the seasonality faced in the industry.

**Impact of COVID-19**

The Company continues to operate its business through the COVID-19 pandemic, including its variants, and has taken additional precautions to ensure the safety of its employees, customers, vendors, and the communities in which it operates.

Various uncertainties have arisen from the COVID-19 pandemic. While management is continuing to monitor the impact of the pandemic on Knight-Swift, including its employees, customers, vendors, independent contractors, stockholders, and other business partners and stakeholders, it is difficult to predict the impact that the pandemic will have on future results of its operations, financial position, and liquidity. This has caused some uncertainties around various accounting estimates. Due to these uncertainties, the Company's accounting estimates may change, as management's assessment of the impacts of the COVID-19 pandemic continues to evolve.

**ASUs**

There were various ASUs that became effective during 2021, which did not have a material impact on the Company's results of operations, financial position, cash flows, or disclosures.

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**Note 2 — Summary of Significant Accounting Policies**

**Use of Estimates** — The preparation of the consolidated financial statements, in accordance with GAAP, requires management to make estimates and assumptions about future events that affect the amounts reported in the Company's consolidated financial statements and accompanying notes. On an ongoing basis, management evaluates and periodically adjusts its estimates and assumptions, based on historical experience, the impact of the current economic environment, and other key factors. Volatile energy markets, as well as changes in consumer spending have increased the inherent uncertainty in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Significant items subject to such estimates and assumptions include:

- carrying amount of property and equipment;
- carrying amount of goodwill and intangible assets;
- leases;
- estimates of claims accruals;
- contingent obligations;
- calculation of stock-based compensation;
- valuation allowance for deferred income tax assets;
- valuation allowances for receivables; and
- valuation of financial instruments.

**Segments** — The Company uses the "management approach" to determine its reportable segments, as well as to determine the basis of reporting the operating segment information. Certain of the Company's operating segments have been aggregated into reportable segments. The management approach focuses on financial information that management uses to make operating decisions. The Company's chief operating decision makers use total revenue, operating expense categories, operating ratios, operating income, and key operating statistics to evaluate performance and allocate resources to the Company's operations and is based around the transportation service offerings provided to the Company's customers, as well as the equipment utilized.

Operating income is the measure that management uses to evaluate segment performance and allocate resources. Operating income should not be viewed as a substitute for GAAP net income. Management believes the

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

presentation of operating income enhances the understanding of the Company's performance by highlighting the results of operations and the underlying profitability drivers of the business segments. Operating income is defined as "Total revenue" less "Total operating expenses."

Based on the unique nature of the Company's operating structure, certain revenue-generating assets are interchangeable between segments. Additionally, the Company's chief operating decision makers do not review assets or liabilities by segment to make operating decisions. The Company allocates depreciation and amortization expense of its property and equipment to the segments based on the actual utilization of the asset by the segment during the period.

See Note 25 for additional disclosures regarding the Company's segments.

**Cash and Cash Equivalents** — Cash and cash equivalents are comprised of cash, money market funds, and highly liquid instruments with insignificant interest rate risk and original maturities of three months or less. Cash balances with institutions may be in excess of Federal Deposit Insurance Corporation ("FDIC") limits or may be invested in sweep accounts that are not insured by the institution, the FDIC, or any other government agency.

**Restricted Cash and Equivalents** — The Company's wholly-owned captive insurance companies, Red Rock and Mohave, maintain certain operating bank accounts, working trust accounts, and investment accounts. The cash and cash equivalents within these accounts are restricted by insurance regulations to fund the insurance claim losses to be paid by the captive insurance companies, and therefore, are classified as "Cash and cash equivalents – restricted" and within "Other long-term assets" in the consolidated balance sheets.

**Restricted Investments** — The Company's investments are restricted by insurance regulations to fund the insurance claim losses to be paid by the captive insurance companies. The Company accounts for its investments in accordance with ASC 320, *Investments – Debt Securities*. Management determines the appropriate classification of its investments in debt securities at the time of purchase and re-evaluates the determination on a quarterly basis. As of December 31, 2021, all of the Company's investments in fixed-maturity securities were classified as held-to-maturity, as the Company has the positive intent and ability to hold these securities to maturity. Held-to-maturity securities are carried at amortized cost. The amortized cost of debt securities is adjusted using the effective interest rate method for amortization of premiums and accretion of discounts. Amortization and accretion are reported in "Other income, net" in the consolidated statements of comprehensive income.

Management periodically evaluates restricted investments for impairment. The assessment of whether impairments have occurred is based on management's case-by-case evaluation of the underlying reasons for the decline in estimated fair value. Management accounts for other-than-temporary impairments of debt securities in accordance with ASC 320. This guidance requires the Company to evaluate whether it intends to sell an impaired debt security or whether it is more likely than not that it will be required to sell an impaired debt security before recovery of the amortized cost basis. If either of these criteria are met, an impairment loss equal to the difference between the debt security's amortized cost and its estimated fair value is recognized in earnings. For impaired debt securities that do not meet these criteria, the Company determines if a credit loss exists with respect to the impaired security. If a credit loss exists, the credit loss component of the impairment (i.e., the difference between the security's amortized cost and the present value of projected future cash flows expected to be collected) is recognized in earnings and the remaining portion of the impairment is recognized as a component of accumulated other comprehensive income.

See Note 5 for additional disclosures regarding the Company's restricted investments.

**Inventories and Supplies** — Inventories and supplies, which are included in "Other current assets" in the consolidated balance sheets, primarily consist of spare parts, tires, fuel, and supplies and are stated at lower of cost or net realizable value. Depending on the class of inventory, cost is determined using the first-in, first-out method or average cost. Replacement tires held in the shops are classified as inventory and expensed when placed in service. Replacement tire costs incurred over the road are immediately expensed.

**Property and Equipment** — Property and equipment is stated at cost less accumulated depreciation. Costs to construct significant assets include capitalized interest incurred during the construction and development period. Expenditures for replacements and improvements are capitalized. Maintenance and repairs are expensed as incurred.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

Net gains on the disposal of property and equipment are presented in the consolidated statements of comprehensive income within "Miscellaneous operating expenses."

Tires on purchased revenue equipment are capitalized along with the related equipment cost when the vehicle is placed in service, and are depreciated over the life of the vehicle.

Depreciation of property and equipment is calculated on a straight-line basis down to the salvage value, as applicable, over the following estimated useful lives:

<b>Category:</b>	<b>Range (in years)</b>		
Revenue equipment *	3	—	20
Shop and service equipment	2	—	10
Land improvements	5	—	15
Buildings and building improvements	10	—	40
Furniture and fixtures	3	—	10
Leasehold improvements	Life of the lease		

\*For finance leases involving revenue equipment, the depreciation period is equal to the term of the lease agreement.

Management believes that these methods properly spread the costs over the useful lives of the assets. Management judgment is involved when determining estimated useful lives of the Company's long-lived assets. Useful lives of the Company's long-lived assets are determined based on historical experience, as well as future expectations regarding the period the Company expects to benefit from the asset. Factors affecting estimated useful lives of property and equipment may include estimating loss, damage, obsolescence, and Company policies around maintenance and asset replacement.

Management evaluates its property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with ASC 360, *Property, Plant and Equipment*. When such events or changes in circumstances occur, management performs a recoverability test that compares the carrying amount with the projected undiscounted cash flows from the use and eventual disposition of the asset or asset group. An impairment is recorded for any excess of the carrying amount over the estimated fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, when necessary. Estimating fair value includes several significant assumptions, including future cash flow estimates, determination of appropriate discount rates, and other assumptions that management believes reasonable under the circumstances. Changes in these estimates and assumptions could materially affect the determination of fair value and/or impairment.

**Goodwill** — Management evaluates goodwill on an annual basis as of June 30<sup>th</sup>, or more frequently if indicators of impairment exist. The Company performs a quantitative analysis on an annual basis, in accordance with ASC 350, *Goodwill and Other Intangible Assets*. Management estimates the fair values of its reporting units using a combination of the income and market approaches. If the carrying amount of a reporting unit exceeds the fair value, then management recognizes an impairment loss of the same amount. This loss is only limited to the total amount of goodwill allocated to that reporting unit. Refer to Note 10 for the results of the Company's annual evaluation as of June 30, 2021.

On a periodic basis, the Company assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than the carrying amount. If the Company concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then the Company conducts a quantitative goodwill impairment test.

See Notes 4 and 10 for additional disclosures regarding the Company's goodwill.

**Intangible Assets other than Goodwill** — The Company's intangible assets other than goodwill primarily consist of acquired customer relationships, trade names, and other intangibles from acquisitions. Amortization of acquired customer relationships, and other intangibles is calculated on a straight-line basis over the estimated useful life, which ranges from 3 years to 20 years. Certain trade names have indefinite useful lives and are not amortized, but are tested for impairment at least annually, unless events occur or circumstances change between annual tests that would more likely than not reduce the fair value.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
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Management reviews its intangible assets for impairment whenever events or circumstances indicate that the carrying amount of the asset may not be recoverable, in accordance with ASC 350, *Intangibles – Goodwill and Other*. When such events or changes in circumstances occur, management performs a recoverability test that compares the carrying amount with the projected discounted cash flows from the use and eventual disposition of the asset or asset group. An impairment is recorded for any excess of the carrying amount over the estimated fair value, which is generally determined using discounted future cash flows.

Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values, and third-party independent appraisals. Estimating fair value includes several significant assumptions, including future cash flow estimates, determination of appropriate discount rates, royalty rates, and other assumptions that management believes reasonable under the circumstances. Changes in these estimates and assumptions could materially affect the determination of fair value and/or impairment.

See Notes 4 and 10 for additional disclosures regarding the Company's intangible assets.

**Claims Accruals** — The Company is self-insured for a portion of its risk related to auto liability, workers' compensation, property damage, cargo damage, and group health. Self-insurance results from buying insurance coverage that applies in excess of a retained portion of risk for each respective line of coverage. The Company accrues for the cost of the uninsured portion of pending claims by evaluating the nature and severity of individual claims and by estimating future claims development based upon historical claims development trends. The actual cost to settle self-insured claim liabilities may differ from the Company's reserve estimates due to legal costs, claims that have been incurred but not reported, and various other uncertainties, including the inherent difficulty in estimating the severity of the claims and the potential judgment or settlement amount to dispose of the claim.

See Notes 12 and 19 for additional disclosures regarding the Company's claims accruals.

**Leases** — Management evaluates the Company's leases based on the underlying asset groups. The assets currently underlying the Company's leases include revenue equipment (primarily tractors and trailers), real estate (primarily buildings, office space, land, and drop yards), as well as technology and other equipment that supports business operations. Management's significant assumptions and judgments include the determination of the discount rate (discussed below), as well as the determination of whether a contract contains a lease.

In accordance with ASC 842, *Leases*, property and equipment held under operating leases are recorded as right-of-use assets, with a corresponding operating lease liability. Additionally, property and equipment held under finance leases are recorded as property and equipment with corresponding finance lease liabilities. All expenses related to operating leases are reflected in our consolidated statements of comprehensive income in "Rental expense." Expenses related to finance leases are reflected in our consolidated statements of comprehensive income in "Depreciation and amortization of property and equipment" and "Interest expense."

- **Lease Term** — The Company's leases generally have lease terms corresponding to the useful lives of the underlying assets. Revenue equipment leases have fixed payment terms based on the passage of time, which is typically three to five years for tractors and five to seven years for trailers. Certain finance leases for revenue equipment contain renewal or fixed price purchase options. Real estate leases, excluding drop yards, generally have varying lease terms between five and fifteen years and may include renewal options. Drop yards include month-to-month leases, as well as leases with varying lease terms generally ranging from two to five years.

Options to renew or purchase the underlying assets are considered in the determination of the right-of-use asset and corresponding lease liability once reasonably certain of exercise.

- **Portfolio Approach** — The Company typically leases its revenue equipment under master lease agreements, which contain general terms, conditions, definitions, representations, warranties, and other general language, while the specific contract provisions are contained within the various individual lease schedules that fall under a master lease agreement. Each individual leased asset within a lease schedule is similar in nature (i.e. all tractors or all trailers) and has identical contract provisions to all of the other individual leased assets within the same lease schedule (such as the contract provisions discussed above). Management has elected to apply the portfolio approach to its revenue equipment leases, as accounting for its revenue equipment under the portfolio approach would not be materially different from separately accounting for each individual underlying asset as a lease. Each individual real estate and other lease is accounted for at the individual asset level.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

- **Nonlease Components** — Management has elected to combine its nonlease components (such as fixed charges for common area maintenance, real estate taxes, utilities, and insurance) with lease components for each class of underlying asset, as applicable, as the nonlease components in the Company's lease contracts typically are not material. These nonlease components are usually present within the Company's real estate leases. The Company's assets are generally insured by umbrella policies, in which the premiums change from one policy period to the next, making them variable in nature. Accordingly, these insurance costs are excluded from the Company's calculation of right-of-use assets and corresponding lease liabilities.
- **Short-Term Lease Exemption** — Management has elected to apply the short-term lease exemption to all asset groups. Accordingly, leases with terms of twelve months or less are not capitalized and continue to be expensed on a straight-line basis over the term of the lease. This primarily affects the Company's drop yards and corresponding temporary structures on those drop yards. To a lesser extent, certain short-term leases for revenue equipment, technology, and other assets are affected.
- **Discount Rate** — The Company uses the rate implicit in the lease, when readily determinable, which is generally related to the Company's finance leases. Otherwise the Company's incremental borrowing rate is applied. The implicit interest rate is not readily determinable for the Company's operating leases. As such, management applies the Company's incremental borrowing rate, which is defined by GAAP as the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. The Company's incremental borrowing rate is based on the results of an independent third-party valuation.
- **Residual Values** — The Company's finance leases for revenue equipment are typically structured with balloon payments at the end of the lease term equal to the residual value the Company is contracted to receive from certain equipment manufacturers upon sale or trade back to the manufacturers. If the Company does not receive proceeds of the contracted residual value from the manufacturer, the Company is still obligated to make the balloon payment at the end of the lease term.

In connection with certain revenue equipment operating leases, the Company issues residual value guarantees, which provide that if the Company does not purchase the leased equipment from the lessor at the end of the lease term, then the Company is liable to the lessor for an amount equal to the shortage (if any) between the proceeds from the sale of the equipment and an agreed value. To the extent management believes any manufacturer will refuse or be unable to meet its obligation, the Company recognizes additional rental expense to the extent the fair market value at the lease termination is expected to be less than the obligation to the lessor. Proceeds from the sale of equipment under the Company's operating leases generally exceed the payment obligation on substantially all operating leases. Although the Company typically owes certain amounts to its lessors at the end of its revenue equipment leases, the Company's equipment manufacturers have corresponding guarantees back to the Company as to the buyback value of the units.

See Note 16 for additional disclosures regarding the Company's leases.

**Fair Value Measurements** — See Note 23 for accounting policies and financial information relating to fair value measurements.

**Contingencies** — See Note 19 for accounting policies and financial information related to contingencies.

**Revenue Recognition** — Management applies the five-step analysis to the Company's four reportable segments (Truckload, Logistics, LTL, and Intermodal).

- **Step 1: Contract Identification** — Management has identified that a legally enforceable contract with its customers is executed by both parties at the point of pickup at the shipper's location, as evidenced by the bill of lading. Although the Company may have master agreements with its customers, these master agreements only establish general terms. There is no financial obligation to the shipper until the load is tendered/accepted and the Company takes possession of the load.
- **Step 2: Performance Obligations** — The Company's only performance obligation is transportation services. The Company's delivery, accessorial, and dedicated operations truck capacity in its dedicated operations represent a bundle of services that are highly interdependent and have the same pattern of transfer to the customer.



**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

These services are not capable of being distinct from one another. For example, the Company generally would not provide accessorial services or truck capacity without providing delivery services.

- **Step 3: Transaction Price** — Depending on the contract, the total transaction price may consist of mileage revenue, fuel surcharge revenue, accessorial fees, truck capacity, and/or non-cash consideration. Non-cash consideration is measured by the estimated fair value of the non-cash consideration at contract inception. There is no significant financing component in the transaction price, as the Company's customers generally pay within the contractual payment terms of 30 to 60 days.
- **Step 4: Allocating Transaction Price to Performance Obligations** — The transaction price is entirely allocated to the only performance obligation: transportation services.
- **Step 5: Revenue Recognition** — The performance obligation of providing transportation services is satisfied over time. Accordingly, revenue is recognized over time. Management estimates the amount of revenue in transit at period end based on the number of days completed of the dispatch (which is generally one to three days for the Truckload, Logistics and LTL segments, but can be longer for intermodal operations). Management believes this to be a faithful depiction of the transfer of services because if a load is dispatched, but terminates mid-route and the load is picked up by another carrier, then that carrier would not need to re-perform the services for the days already traveled.

The Company outsources the transportation of loads to third-party carriers through its logistics operations. Management has determined that the Company is a principal in these arrangements, and therefore records revenue associated with these contracts on a gross basis. The Company has the primary responsibility to meet the customers' requirements. The Company invoices and collects from its customers and maintains discretion over pricing. Additionally, the Company is responsible for the selection of third-party transportation providers to the extent used to satisfy customer freight requirements.

Significant judgments involved in the Company's revenue recognition and corresponding accounts receivable balances include:

- Measuring in-transit revenue at period end (discussed above).
- Estimating the allowance for doubtful accounts. The Company establishes an allowance for doubtful accounts based on historical experience and any known trends or uncertainties related to customer billing and account collectability. Management reviews the adequacy of its allowance for doubtful accounts on a quarterly basis. Uncollectible accounts are written off when deemed uncollectible, and accounts receivable are presented net of an allowance for doubtful accounts.
- **Contract Balances** — In-transit revenue balances are included in "Contract balance – revenue in transit" in the consolidated balance sheets. The Company's contract liability balances are typically immaterial.
- **Revenue Disaggregation** — In considering the level at which the Company should disaggregate revenues pertaining to contracts with customers, management determined that there are no significant differences between segments in how the nature, amount, timing, and uncertainty of revenue or cash flows are affected by economic factors. Additionally, management considered how and where the Company has communicated information about revenue for various purposes, including disclosures outside of the financial statements and how information is regularly reviewed by the Company's chief operating decision makers for evaluating financial performance of the Company's segments, among others. Based on these considerations, management determined that revenues should be disaggregated by reportable segment.

The Company recognizes operating lease revenue from leasing tractors and related equipment to third parties, including independent contractors. Operating lease revenue from rental operations is recognized as earned, which is straight-lined per the rent schedules in the lease agreements. Losses from lease defaults are recognized as offsets to revenue.



**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**Stock-based Compensation** — The Company accounts for stock-based compensation expense in accordance with ASC 718, *Compensation – Stock Compensation*. ASC 718 requires that all share-based payments to employees and non-employee directors, including grants of employee stock options, be recognized in the financial statements based upon a grant-date fair value of an award. Equity awards settled in cash are remeasured at each reporting period and are recognized as a liability in the consolidated balance sheets during the vesting period until settlement.

- **Fair Value** — The fair value of performance units is estimated using the Monte Carlo Simulation valuation model. The fair value of stock options is estimated using the Black-Scholes option-valuation model. The fair value of restricted stock units is the closing stock price on the grant date.
- **Vesting** — The requisite service period is the specified vesting date in the grant agreement or the date that the employee becomes retirement-eligible, based on the terms of the grant agreement. The Company calculates the number of awards expected to vest as awards granted, less expected forfeitures over the life of the award (estimated at grant date). All awards require future service and thus forfeitures are estimated based on historical forfeitures and the remaining term until the related award vests. Performance-based awards vest contingent upon meeting certain performance criteria established by the Company's compensation committee.
- **Expense** — Awards that are only subject to time-vesting provisions are amortized using the straight-line method, by amortizing the grant-date fair value over the requisite service period of the entire award. Awards subject to time-based vesting and performance conditions are amortized using the individual vesting tranches. Unless a material deviation from the assumed forfeiture rate is observed during the term in which the awards are expensed, any adjustment necessary to reflect differences in actual experience is recognized in the period the award becomes payable or exercisable.

Determining the appropriate amount to expense in each period is based on the likelihood and timing of achievement of the stated targets for performance-based awards, and requires judgment, including forecasting future financial results and market performance. The estimates are revised periodically, based on the probability and timing of achieving the required performance targets, and adjustments are made as appropriate.

See Note 21 for additional information relating to the Company's stock-based compensation plan.

**Income Taxes** — Management accounts for income taxes under the asset and liability method. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences of events that have been included in the consolidated financial statements. Additionally, deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and respective tax bases of assets and liabilities (using enacted tax rates in effect for the year in which the differences are expected to reverse). The effect on deferred tax assets and liabilities of changes in tax rates is recognized in income in the period that includes the enactment date. Net deferred income taxes are classified as noncurrent in the consolidated balance sheets.

A valuation allowance is provided against deferred tax assets if the Company determines it is more likely than not that such assets will not ultimately be realized. In making such determinations, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and recent financial operations. To the extent management believes the likelihood of recovery is not sufficient, a valuation allowance is established for the amount determined not to be realizable. Management judgment is necessary in determining the frequency at which the need for a valuation allowance is assessed, the accounting period in which to establish the valuation allowance, as well as the amount of the valuation allowance.

Unrecognized tax benefits are defined as the difference between a tax position taken or expected to be taken in a tax return and the benefit recognized and measured pursuant to ASC 740, *Income Taxes*. The Company does not recognize a tax benefit for uncertain tax positions unless it concludes that it is more likely than not that the benefit will be sustained on audit (including resolutions of any related appeals or litigation processes) by the taxing authority, based solely on the technical merits of the associated tax position. If the recognition threshold is met, the Company recognizes a tax benefit measured at the largest amount of the tax benefit that, in management's judgment, is greater than 50% likely to be realized. The Company records expected incurred interest and penalties related to unrecognized tax positions in "Income tax expense" in the consolidated statements of comprehensive

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

income. To the extent interest and penalties are not assessed with respect to uncertain tax positions, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision.

Significant management judgment is required in determining the provision for income taxes and in determining whether deferred tax assets will be realized in full or in part. Management periodically assesses the likelihood that all or some portion of deferred tax assets will be recovered from future taxable income. Management judgment is also required regarding a variety of other factors including the appropriateness of tax strategies. The Company utilizes certain income tax planning strategies to reduce its overall income taxes. It is possible that certain strategies might be disallowed, resulting in an increased liability for income taxes. Significant management judgments are involved in assessing the likelihood of sustaining the strategies and determining the likely range of defense and settlement costs, in the event that tax strategies are challenged by taxing authorities. An ultimate result worse than the Company's expectations could adversely affect its results of operations.

See Note 13 for additional disclosures regarding the Company's income taxes.

**Note 3 — Recently Issued Accounting Pronouncements**

Date Issued	Reference	Description	Expected Adoption Date and Method	Financial Statement Impact
October 2021	ASU No. 2021-08: Business Combinations (ASC 805), <i>Accounting for Contract Assets and Contract Liabilities from Contracts with Customers</i>	The amendments in this ASU require that the acquirer recognize and measure contract assets and contract liabilities in a business combination in accordance with ASC 606 as if the acquirer had originated the contracts. The amendments in this ASU are applied prospectively to business combinations occurring on or after the effective date of the amendments.	January 2023, Prospective	Currently under evaluation, but not expected to be material
August 2021	ASU No. 2021-06: Presentation of Financial Statements (ASC 205), <i>Financial Services – Depository and Lending</i> (ASC 942), and <i>Financial Services – Investment Companies</i> (ASC 946) <sup>1</sup>	The ASU amends various SEC paragraphs pursuant to the issuance of an SEC release to update disclosure requirements for financial statements from acquired and disposed businesses including changes in tests and thresholds. Additionally, the ASU amends various SEC paragraphs pursuant to an SEC release to update statistical disclosure requirements for bank and savings and loan registrants.	August 2021, Adoption method varies by amendment	No material impact
August 2020	ASU No. 2020-06: Debt – Debt with Conversion and Other Options (ASC 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (ASC 815-40) – <i>Accounting for Convertible Instruments and contracts in an Entity's Own Equity</i>	The amendments in this ASU add disclosure requirements to convertible debt instruments and convertible preferred stock, require convertible instruments to be disclosed at fair value, and update the calculation requirements for diluted EPS. The amendments in this ASU can be applied on a modified or fully retrospective basis and are effective for public entities for years beginning after December 15, 2021.	January 2022, Modified retrospective or fully retrospective	No material impact

<sup>1</sup> Adopted during the third quarter of 2021.

Since management is continuing to evaluate the impacts of the above standards, disclosures around these preliminary assessments are subject to change.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

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**Note 4 — Acquisitions****MME**

On December 6, 2021, the Company, through a wholly owned subsidiary, acquired 100.0% of Bismarck, North Dakota-based MME. MME provides LTL, full truckload, and specialized and other logistics transportation services to a diverse customer base in its service territory in the upper Midwestern and great Northwestern regions of the US.

The total purchase price consideration of \$164.4 million, consisted of \$104.0 million in cash consideration to the sellers, including cash on hand and net working capital adjustments, and approximately \$60.4 million in debt payoffs. This was funded through cash-on-hand and borrowing on the 2021 Revolver on the transaction date. At closing, \$2.8 million of the cash consideration was placed in escrow to secure certain of the sellers' indemnification obligations and remains subject to further adjustments.

The purchase of the equity interests of MME results in the historical tax basis of MME's assets continuing to be recovered and any intangible assets arising through purchase accounting will result in additional stock basis for tax purposes. Deferred taxes were established as of the opening balance sheet for purchase accounting fair value adjustments (other than for goodwill). The SPA contains customary representations, warranties, covenants, and indemnification provisions.

The goodwill recognized represents expected synergies from combining the operations of MME with the Company, including enhanced service offerings, as well as other intangible assets that did not meet the criteria for separate recognition. The goodwill is not expected to be deductible for tax purposes.

**ACT**

On July 5, 2021, the Company acquired 100.0% of Dothan, Alabama-based ACT. ACT is a leading LTL carrier that also offers dedicated contract carriage and ancillary services.

The total purchase price consideration of \$1.31 billion consisted of \$1.30 billion in cash and \$10.0 million in Knight-Swift shares issued to sellers at closing. Additionally, the Company assumed \$36.5 million in debt, net of cash. Cash was funded from the July 2021 Term Loan, as well as existing Knight-Swift liquidity. ACT was an S corporation for tax purposes, and the transaction included an election under Internal Revenue Code Section 338(h)(10). Accordingly, the book and tax basis of the acquired assets and liabilities are the same as of the purchase date. The SPA contains customary representations, warranties, and covenants.

The Company's consolidated financial statements for 2021 include ACT's operating results beginning July 5, 2021 (closing of the acquisition) through December 31, 2021. During 2021, the Company's consolidated operating results included ACT's total revenue of \$386.8 million and net income of \$23.1 million. ACT's net income during 2021 included \$7.0 million related to the amortization of intangible assets acquired in the ACT Acquisition.

The goodwill recognized represents expected synergies from combining the operations of ACT with the Company, including enhanced service offerings, as well as other intangible assets that did not meet the criteria for separate recognition. The goodwill is expected to be deductible for tax purposes.

**Pro Forma Information (Unaudited)** — The following unaudited pro forma information combines the historical operations of the Company and ACT giving effect to the ACT Acquisition, and related transactions as if consummated on January 1, 2020, the beginning of the comparative period presented.

	2021	2020
	(in thousands, except per share data)	
Total revenue	\$ 6,387,329	\$ 5,374,934
Net income attributable to Knight-Swift	763,393	437,835
Earnings per share – diluted	4.57	2.57

The unaudited pro forma condensed combined financial information has been presented for comparative purposes only and includes certain adjustments such as recognition of assets acquired at estimated fair values and related depreciation and amortization, elimination of transaction costs incurred by Knight-Swift and ACT during the periods presented that were directly related to the ACT Acquisition, and related income tax effects of these items. As a result of the ACT Acquisition, the Company incurred certain acquisition-related expenses totaling \$2.9 million in 2021.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

These expenses were eliminated in the presentation of the unaudited pro forma "Net income attributable to Knight-Swift" presented above.

The unaudited pro forma condensed combined financial information does not purport to represent the actual results of operations that Knight-Swift and ACT would have achieved had the companies been combined during the periods presented in the unaudited pro forma condensed combined financial statements and is not intended to project the future results of operations that the combined company may achieve after the identified transactions. The unaudited pro forma condensed combined financial information does not reflect any cost savings that may be realized as a result of the ACT Acquisition and also does not reflect any restructuring or integration-related costs to achieve those potential cost savings.

**UTXL**

On June 1, 2021, pursuant to an SPA, the Company, through a wholly owned subsidiary, acquired 100.0% of the equity interests of UTXL, a premier third-party logistics company which specializes in over-the-road full truckload and multi-stop loads.

The total purchase price consideration of \$37.2 million, including cash-on-hand and net working capital adjustments, consisted of \$32.2 million in cash to the sellers at closing, which was funded through cash-on-hand and borrowing on the 2017 Revolver on the transaction date. At closing \$2.25 million of the cash consideration was placed in escrow to secure certain of the sellers' indemnification obligations and remains subject to further adjustments.

The purchase price also included contingent consideration consisting of two additional annual payments of up to \$2.5 million each (\$5.0 million in total), representing the maximum possible annual deferred payments to the sellers based on operating ratio and revenue growth targets for each of the twelve-month periods ending May 31, 2022 and May 31, 2023. As of December 31, 2021, \$2.5 million is included in "Accrued liabilities" and \$2.5 million is included in "Other long-term liabilities" in the Company's consolidated balance sheets, depending on the expected payment dates.

For income tax purposes, the sale of UTXL's equity interests to the Company is intended to be treated as a sale and purchase of assets. Accordingly, the book and tax basis of the acquired assets and liabilities are the same as of the purchase date. The SPA contains customary representations, warranties, covenants, and indemnification provisions.

The goodwill recognized represents expected synergies from combining the operations of UTXL with the Company, including enhanced service offerings, as well as other intangible assets that did not meet the criteria for separate recognition. The goodwill is expected to be deductible for tax purposes.

**Eleos**

On February 1, 2021, pursuant to a membership interest purchase agreement ("MIPA"), the Company, through a wholly owned subsidiary, acquired 79.44% of the issued and outstanding membership interests of Eleos, a Greenville, South Carolina-based software provider, specializing in mobile driving platforms, which complement the Company's suite of services. The total purchase price consideration, including cash-on-hand and net working capital adjustments, consisted of \$41.5 million in cash to the sellers at closing, which was funded through cash-on-hand and borrowing on the 2017 Revolver on the transaction date. At closing, \$4.1 million of the cash consideration was placed in escrow to secure certain of the sellers' indemnification obligations and other items.

The MIPA included that both the buyer and sellers would file an election under the Internal Revenue Code Section 754 to adjust the tax basis of the Company's assets and liabilities, with respect to the buyer's purchase of the equity. The MIPA contains customary representations, warranties, covenants, and indemnification provisions for transactions of this nature.

The goodwill recognized represents expected synergies from combining the operations of Eleos with the Company, including enhanced service offerings, as well as other intangible assets that did not meet the criteria for separate recognition. The goodwill is expected to be deductible for tax purposes.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

***Warehousing Co.***

On January 1, 2020, pursuant to a SPA the Company acquired 100.0% of the equity interests of Warehousing Co. with locations throughout the central US.

The total purchase price consideration of \$66.9 million consisted of \$48.2 million in cash to the sellers at closing, which was funded through cash-on-hand and borrowing on the 2017 Revolver on the transaction date. At closing, \$6.8 million of the cash consideration was placed in escrow to secure certain of the sellers' indemnification obligations. During the third quarter of 2020, the escrow proceeds were released to the sellers pursuant to the SPA. The purchase price also included contingent consideration consisting of three additional annual payments of up to \$8.1 million each (\$24.3 million in total), representing the maximum possible annual deferred payments to the sellers based on Warehousing Co.'s earnings before interest and taxes ("EBIT") for each of the calendar years ending December 31, 2020, December 31, 2021, and the annualized six-month period ending June 30, 2022. In order to estimate Warehousing Co.'s future performance, the Company utilized the Monte Carlo simulation method using certain inputs, including Warehousing Co.'s forecasted EBIT, discount rate, dividend yields, expected volatility, and expected stock returns during the above measurement periods. Based on the above inputs, the present value of the total contingent consideration, along with the estimated net working capital adjustment equaled \$18.7 million as of January 1, 2020. During the measurement period, the net working capital adjustment was reduced by \$0.4 million based on the actual versus estimated net working capital adjustment as of the transaction date. This adjustment resulted in the total estimated contingent consideration and net working capital adjustment decreasing to \$18.3 million. The total purchase price consideration, as if adjusted at the January 1, 2020 transaction date, is identified in the "Purchase Price Allocations" table within this footnote.

During the fourth quarter of 2020, the Company paid the first annual payment of \$8.1 million as a result of the achievement of Warehousing Co.'s EBIT performance target for the calendar year December 31, 2020. Additionally, during the fourth quarter of 2020, the Company increased the estimated fair value of the remaining contingent consideration representing the final two annual payments, resulting in a \$6.7 million fair value adjustment of the deferred earnout, which was recorded in "Miscellaneous operating expenses" in the consolidated statement of comprehensive income. During the fourth quarter of 2021, the Company paid the second annual payment of \$8.1 million as a result of the achievement of Warehousing Co.'s EBIT performance target for the calendar year 2021.

As of December 31, 2021, the remaining estimated contingent consideration was \$8.1 million representing the fair value of the remaining annual deferred payments for the annualized six-month period ending June 30, 2022, all of which was recorded in "Accrued liabilities" in the consolidated balance sheets. As of December 31, 2020, the remaining contingent consideration was \$16.2 million representing the fair value of the remaining annual deferred payments for the calendar year December 31, 2021 and the annualized six-month period ending June 30, 2022. As of December 31, 2020, \$8.1 million of the total was recorded in "Accrued liabilities" in the consolidated balance sheets and the remaining \$8.1 million was recorded in "Other long-term liabilities" in the consolidated balance sheets.

The SPA included an election under the Internal Revenue Code Section 338(h)(10). Accordingly, the book and tax basis of the acquired assets and liabilities are the same as of the purchase date. The SPA contains customary representations, warranties, covenants, and indemnification provisions.

The goodwill recognized represents expected synergies from combining the operations of Warehousing Co. with the Company, including enhanced service offerings, as well as other intangible assets that did not meet the criteria for separate recognition. The goodwill is expected to be deductible for tax purposes.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**Purchase Price Allocations**

The purchase price allocations for the Company's acquisitions are preliminary, except for Warehousing Co., and have been allocated based on estimated fair values of the assets acquired and liabilities assumed at the acquisition dates, and among other things may be pending the completion of the valuation of acquired tangible assets, an independent valuation of certain acquired intangible assets, assessment of lease agreements, assessment of certain liabilities, the calculation of deferred taxes based upon the underlying tax basis of assets acquired and liabilities assumed, and assessment of other tax related items as applicable. As the Company obtains more information, the preliminary purchase price allocations disclosed below are subject to change. Any future adjustments to the preliminary purchase price allocations, including changes within identifiable intangible assets or estimation uncertainty impacted by market conditions, may impact future net earnings. The purchase price allocation adjustments can be made through the end of the measurement periods, which are not to exceed one year from the respective acquisition dates.

	<b>MME</b> December 6, 2021 Opening Balance Sheet as Reported at December 31, 2021	<b>ACT</b> July 5, 2021 Opening Balance Sheet as Reported at December 31, 2021	<b>UTXL</b> June 1, 2021 Opening Balance Sheet as Reported at December 31, 2021	<b>Eleos</b> February 1, 2021 Opening Balance Sheet as Reported at December 31, 2021	<b>Warehousing Co.<sup>1</sup></b> January 1, 2020 Opening Balance Sheet as Reported at December 31, 2021
<b>Fair value of the consideration transferred</b>	\$ 164,382	\$ 1,306,214	\$ 37,230	\$ 41,518	\$ 66,444
Cash and cash equivalents	14,716	17,477	8,206	2,237	1,388
Trade receivables	21,915	104,220	9,451	545	3,301
Prepaid expenses	2,067	15,803	—	47	608
Other current assets	462	3,537	—	—	78
Property and equipment	49,192	427,722	54	—	1,938
Operating lease right-of-use assets	52,065	4,053	—	560	12,356
Identifiable intangible assets <sup>2</sup>	52,960	406,160	22,121	15,850	55,681
Other noncurrent assets	139	1,739	—	—	458
<b>Total assets</b>	<b>193,516</b>	<b>980,711</b>	<b>39,832</b>	<b>19,239</b>	<b>75,808</b>
Accounts payable	(7,681)	(19,386)	(14,183)	(156)	(347)
Accrued payroll and payroll-related expenses	(7,106)	(33,411)	(247)	(605)	—
Accrued liabilities	(544)	(9,302)	(69)	(1,391)	(644)
Claims accruals – current and noncurrent portions	(1,090)	(40,958)	(418)	—	—
Operating lease liabilities – current and noncurrent portions	(46,375)	(4,052)	—	(560)	(12,356)
Long-term debt – current and noncurrent portions	—	(54,024)	—	—	—
Deferred tax liabilities	(19,009)	—	—	—	—
Other long-term liabilities	(568)	(4,243)	—	(475)	—
<b>Total liabilities</b>	<b>(82,373)</b>	<b>(165,376)</b>	<b>(14,917)</b>	<b>(3,187)</b>	<b>(13,347)</b>
Noncontrolling interest	—	—	—	(10,281)	—
<b>Total stockholders' equity</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(10,281)</b>	<b>—</b>
<b>Goodwill</b>	<b>\$ 53,239</b>	<b>\$ 490,879</b>	<b>\$ 12,315</b>	<b>\$ 35,747</b>	<b>\$ 3,983</b>

1 See above for a description of the working capital adjustments made to Warehousing Co.'s purchase price allocation during the measurement period.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

- 2 Includes \$372.2 million in customer relationships (\$250.8 million attributed to ACT), \$2.0 million in noncompete agreements (\$0.8 million attributed to ACT), \$10.5 million in internally developed software (\$6.5 million attributable to ACT), and \$168.0 million in trade names (\$148.1 million attributed to ACT).

**Note 5 — Investments**

The following table presents the cost or amortized cost, gross unrealized gains and temporary losses, and estimated fair value of the Company's restricted investments:

	December 31, 2021			
	Gross Unrealized			Estimated Fair Value
	Cost or Amortized Cost	Gains	Temporary Losses	
(In thousands)				
US corporate securities	\$ 5,866	\$ —	\$ (7)	\$ 5,859
Restricted investments, held-to-maturity	\$ 5,866	\$ —	\$ (7)	\$ 5,859

	December 31, 2020			
	Gross Unrealized			Estimated Fair Value
	Cost or Amortized Cost	Gains	Temporary Losses	
	(In thousands)			
US corporate securities	\$ 9,001	\$ 2	\$ (8)	\$ 8,995
Restricted investments, held-to-maturity	\$ 9,001	\$ 2	\$ (8)	\$ 8,995

As of December 31, 2021, the contractual maturities of the restricted investments were one year or less. There were eleven and sixteen securities that were in an unrealized loss position, all for less than twelve months as of December 31, 2021 and 2020, respectively. The Company did not recognize any impairment losses related to restricted investments during 2021, 2020, or 2019.

Refer to Note 2 for the related accounting policy and Note 23 for additional information regarding fair value measurements of restricted investments.

**Note 6 — Equity Investments**

**Transportation Resource Partners**

Since 2003, the Company has entered into partnership agreements with entities that make privately-negotiated equity investments, including Transportation Resource Partners III, LP ("TRP III"), TRP Capital Partners, LP ("TRP IV"), TRP Capital Partners V, LP ("TRP V"), TRP CoInvest Partners, (NTI) I, LP ("TRP IV Coinvestment NTI"), TRP CoInvest Partners, (QLS) I, LP ("TRP IV Coinvestment QLS"), TRP CoInvest Partners, FFR I, LP ("TRP IV Coinvestment FFR"), and TRP CoInvest Partners V (PW) I, LP ("TRP V Coinvest"). In these agreements, the Company committed to invest in return for an ownership percentage.



**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

The following table presents ownership and commitment information for the Company's investments in TRP partnerships:

	December 31, 2021			
	Knight-Swift's Ownership Interest <sup>1</sup>	Total Commitment (All Partners)	Knight-Swift's Contracted Commitment	Knight-Swift's Remaining Commitment
		(Dollars in thousands)		
TRP III – equity method investment <sup>3 5</sup>	6.0 %	\$ 245,000	\$ 15,000	\$ 1,692
TRP IV – equity investment <sup>2 4</sup>	4.2 %	\$ 116,065	\$ 4,900	\$ 654
TRP IV Coinvestment NTI – equity method investment <sup>5</sup>	— %	\$ 120,000	\$ 10,000	\$ —
TRP IV Coinvestment QLS – equity method investment	25.0 %	\$ 39,000	\$ 9,735	\$ —
TRP IV Coinvestment FFR – equity method investment <sup>5</sup>	7.4 %	\$ 66,555	\$ 4,950	\$ —
TRP V - equity method investment <sup>6</sup>	16.6 %	\$ 180,700	\$ 30,000	\$ 17,803
TRP V Coinvest - equity method investment <sup>5 6</sup>	13.3 %	\$ 30,000	\$ 4,000	\$ —

- 1 The Company's share of the results is included within "Other income, net" in the consolidated statements of comprehensive income.
- 2 In accordance with ASC 321, *Investments – Equity Securities*, these investments are recorded at cost minus impairment.
- 3 Management anticipates that \$1.7 million will be due in 2022.
- 4 Management anticipates that the following amounts will be due: \$0.1 million in 2022, \$0.1 million from 2023 through 2024, \$0.5 million in 2025, and none thereafter.
- 5 The TRP III, TRP IV Coinvestments, TRP V, and TRP V Coinvest are unconsolidated majority interests. Management considered the criteria set forth in ASC 323, *Investments – Equity Method and Joint Ventures*, to establish the appropriate accounting treatment for these investments. This guidance requires the use of the equity method for recording investments in limited partnerships where the "so minor" interest is not met. As such, the investments are being accounted for under the equity method. Knight's ownership interest reflects its ultimate ownership of the portfolio companies underlying the TRP III, TRP IV Coinvestment NTI, TRP IV Coinvestment QLS, TRP IV Coinvestment FFR, TRP V, and TRP V Coinvest legal entities.
- 6 Management anticipates that the following amounts will be due: \$7.2 million in 2022, \$7.2 million from 2023 through 2024, \$0.9 million from 2025 through 2026, and \$2.5 million thereafter.

### **Embark**

During the second quarter of 2021, the Company invested \$25.0 million in Embark in exchange for a convertible note. The terms of the agreement provided that the amount outstanding on the convertible note would be automatically converted into a number of shares of Embark's common stock upon either the closing of a qualified financing or upon a public event, subject to discounted conversion pricing per share based on a valuation of Embark.

In November 2021, Embark and Northern Genesis Acquisition Corp II, a publicly-traded special purpose acquisition company, completed a business combination agreement entered into on June 22, 2021, resulting in Embark becoming a publicly-traded company. In association with this transaction, the Company's convertible note automatically converted into a number of shares of Embark's common stock as outlined above. Further, the Company acquired an additional \$25.0 million in Embark's common stock pursuant to a common stock subscription agreement between the Company and Embark. As of December 31, 2021, the fair value of the combined investment in Embark was \$54.5 million, resulting in a net unrealized gain of \$4.5 million recognized during 2021 in "Operating income, net" in the consolidated statements of comprehensive income.

### **Other Equity Method Investments**

On October 1, 2020, the Company used approximately \$39.6 million in cash to purchase 21.0% of the equity interests of a transportation-related company ("Holdings Co."), complementary to its suite of services. Based on Holdings Co.'s board of directors and the Company's minority rights, the Company has concluded that its investment allows it to exercise significant influence over the operational and financial decisions of Holdings Co. and therefore has recorded the transaction as an equity method investment.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

The carrying amount of the Company's initial investment in Holdings Co. was approximately \$36.6 million in excess of the Company's initial underlying equity interest in the net assets in Holdings Co. This basis difference represents the Company's proportionate share of the fair value of Holdings Co.'s net tangible assets and its identified intangible assets, with the remaining excess recognized as equity method goodwill. The Company's proportionate share of certain identified definite-lived intangibles are amortized over their estimated useful lives and accreted against the earnings recognized from the Company's interest in Holdings Co.

**Net Investment Balances**

Net investment balances included in "Other long-term assets" in the consolidated balance sheets were as follows:

	December 31,	
	2021	2020
	(in thousands)	
TRP III – equity method investment	\$ 801	\$ 217
TRP IV – equity investment <sup>1</sup>	3	2,952
TRP IV Coinvestment NTI – equity method investment	37	5,609
TRP IV Coinvestment QLS – equity method investment	12,444	16,240
TRP IV Coinvestment FFR – equity method investment	6,761	4,905
TRP V – equity method investment	12,043	3,304
TRP V Coinvest – equity method investment	4,859	4,000
Holdings Co. – equity method investment <sup>2</sup>	38,821	40,335
Embark – equity investment	\$ 54,467	\$ —
Total carrying value	\$ 130,236	\$ 77,562

<sup>1</sup> In accordance with ASC 321, *Investments – Equity Securities*, these investments are recorded at cost minus impairment.

<sup>2</sup> In accordance with ASC 323, *Investments – Equity Method and Joint Ventures*, the net investment balance includes accretion of amortization of certain definite-lived intangibles.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**Note 7 — Trade Receivables, net**

Trade receivables, net balances were comprised of the following:

	December 31,	
	2021	2020
	(In thousands)	
Trade customers	\$ 847,305	\$ 570,611
Equipment manufacturers	11,923	5,680
Insurance premiums <sup>1</sup>	43,455	5,804
Other <sup>1</sup>	30,316	18,477
Trade receivables	932,999	600,572
Less: Allowance for doubtful accounts	(21,663)	(22,093)
Trade receivables, net	<u>\$ 911,336</u>	<u>\$ 578,479</u>

<sup>1</sup> Prior year amounts within the table above have been reclassified to conform to current year presentation.

The following is a rollforward of the allowance for doubtful accounts for trade receivables:

	2021	2020	2019
	(In thousands)		
Beginning balance	\$ 22,093	\$ 18,178	\$ 16,355
Provision	10,900	17,267	16,925
Write-offs directly against the reserve	(776)	(902)	(2,652)
Write-offs for revenue adjustments	(11,504)	(12,450)	(12,450)
Other <sup>1</sup>	950	—	—
Ending balance	<u>\$ 21,663</u>	<u>\$ 22,093</u>	<u>\$ 18,178</u>

<sup>1</sup> Represents allowance for doubtful trade accounts receivables assumed in 2021 from the Company's acquisitions. See Note 4 for further details regarding these acquisitions.

See Note 14 for a discussion of the Company's accounts receivable securitization program and the related accounting treatment.

**Note 8 — Notes Receivable, net**

The Company provides financing to independent contractors and other third parties on equipment sold or leased. Most of the notes are collateralized and are due in weekly installments, including principal and interest payments, ranging from 5.1% to 15.0%. Notes receivable are included in "Other current assets" and "Other long-term assets" in the consolidated balance sheets and were comprised of:

	December 31,	
	2021	2020
	(In thousands)	
Notes receivable from independent contractors	\$ 5,969	\$ 7,291
Convertible note receivable from third party	10,141	—
Notes receivable from other third parties	994	3,034
Gross notes receivable	17,104	10,325
Allowance for doubtful notes receivable	(496)	(602)
Total notes receivable, net of allowance	<u>\$ 16,608</u>	<u>\$ 9,723</u>
Current portion, net of allowance	1,848	2,846
Long-term portion	<u>\$ 14,760</u>	<u>\$ 6,877</u>

**Convertible Note**

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

During the fourth quarter of 2021, the Company invested \$10.0 million in a third-party company in exchange for a convertible note. The convertible note accrues simple interest on the unpaid principal balance at a rate of 12.0% and is payable on demand any time after August 27, 2023, unless earlier converted into shares of the third-party company's common stock. The amount outstanding on the convertible note is converted into a number of shares of the third-party company's common stock upon either the closing of a qualified financing, or at the Company's election in connection with a non-qualified financing, a change of control, or at maturity, subject to discounted conversion pricing per share based on a valuation of the third-party company.

**Note 9 — Assets Held for Sale**

The Company expects to sell its assets held for sale within the next twelve months. Revenue equipment held for sale totaled \$8.2 million and \$29.8 million as of December 31, 2021 and 2020, respectively. Net gains on disposals, including disposals of property and equipment classified as assets held for sale, reported in "Miscellaneous operating expenses" in the consolidated statements of comprehensive income were \$74.8 million during 2021, \$9.7 million during 2020, and \$32.9 million during 2019.

During 2021, the Company incurred impairment losses of \$0.3 million, primarily related to certain legacy trailer models. During 2020, the Company incurred impairment losses of \$0.5 million, primarily related to certain tractors and trailers as a result of a softer used equipment market. During 2019, the Company incurred impairment losses of \$0.4 million primarily related to certain legacy trailer models as a result of a softer used equipment market.

**Note 10 — Goodwill and Other Intangible Assets**

**Goodwill**

The changes in the carrying amounts of goodwill were as follows:

	2021	2020	2019
	(In thousands)		
Goodwill at beginning of period	\$ 2,922,964	\$ 2,918,992	\$ 2,919,176
Amortization relating to deferred tax assets	(9)	(11)	(232)
Acquisitions <sup>1</sup>	592,180	3,983	48
Goodwill at end of period	<u>\$ 3,515,135</u>	<u>\$ 2,922,964</u>	<u>\$ 2,918,992</u>

- <sup>1</sup> The goodwill associated with the ACT and MME acquisitions was allocated to the LTL segment. The goodwill associated with the UTXL acquisition was allocated to the Logistics segment. The goodwill associated with the Warehousing Co, and Eleos acquisitions was allocated to the non-reportable segments. See Note 4 regarding the amount attributed to adjustments to the opening balance sheets.

The following presents the components of goodwill by reportable segment as of December 31, 2021 and 2020:

	December 31,	
	2021	2020
	Net Carrying Amount <sup>1</sup>	Net Carrying Amount <sup>1</sup>
	(In thousands)	
Truckload	\$ 2,658,086	\$ 2,658,095
Logistics	54,827	42,512
LTL	544,118	—
Intermodal	175,594	175,594
Non-reportable	82,510	46,763
Goodwill	<u>\$ 3,515,135</u>	<u>\$ 2,922,964</u>

- <sup>1</sup> Except for the net accumulated amortization related to deferred tax assets in the Truckload segment, the net carrying amount and gross carrying amount are equal since there are no accumulated impairment losses.

There were no impairments identified during annual goodwill impairment testing in 2021, 2020, or 2019.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**Other Intangible Assets**

Other intangible asset balances were as follows:

	December 31,	
	2021	2020
	(In thousands)	
<b>Definite-lived intangible assets: <sup>1</sup></b>		
Gross carrying amount	\$ 1,227,630	\$ 894,597
Accumulated amortization	(201,139)	(145,852)
Definite-lived intangible assets, net	1,026,491	748,745
<b>Indefinite-lived trade names:</b>		
Gross carrying amount	804,558	640,500
Intangible assets, net	\$ 1,831,049	\$ 1,389,245

- <sup>1</sup> The major categories of the Company's definite-lived intangible assets include customer relationships, non-compete agreements, internally-developed software, trade names, and others. Identifiable intangible assets subject to amortization have been recorded at fair value. Intangible assets related to acquisitions other than the 2017 Merger are amortized over a weighted-average amortization period of 19.0 years. The Company's customer relationship intangible assets related to the 2017 Merger are being amortized over a weighted average amortization period of 19.9 years.

The following table presents amortization of intangible assets related to the 2017 Merger and various acquisitions:

	2021	2020	2019
	(In thousands)		
Amortization of intangible assets related to the 2017 Merger	\$ 41,375	\$ 41,375	\$ 41,375
Amortization related to other intangible assets	13,924	4,520	1,501
Amortization of intangibles	\$ 55,299	\$ 45,895	\$ 42,876

As of December 31, 2021, management anticipates that the composition and amount of amortization associated with intangible assets will be \$64.7 million in 2022, \$64.2 million for each of the years 2023 and 2024, \$64.1 million in 2025, and \$62.7 million in 2026. Actual amounts of amortization expense may differ from estimated amounts due to additional intangible asset acquisitions, impairment of intangible assets, accelerated amortization of intangible assets, and other events.

See Note 2 for accounting policies regarding goodwill and other intangible assets.

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**Note 11 — Accrued Payroll and Purchased Transportation**

The following table presents the composition of accrued payroll and purchased transportation:

	December 31,	
	2021	2020
	(In thousands)	
Accrued payroll <sup>1</sup>	\$ 146,326	\$ 114,835
Accrued purchased transportation	70,758	46,053
Accrued payroll and purchased transportation	\$ 217,084	\$ 160,888

- <sup>1</sup> Accrued payroll includes accruals related to the various 401(k) plans the Company offers to its employees. Depending on the plan, employees must meet the minimum age requirement (18 – 21 years) and have completed ninety days or one year of service with the Company in order to qualify. Employees' rights to employer contributions are fully vested after three or five years from their date of employment. The plans offer discretionary matching contributions of the greater of 100% up to 3.0% or 6.0% of an employee's eligible compensation or \$2,000.

The Company's employee benefits expense for matching contributions related to the 401(k) plans was approximately \$16.2 million, \$13.6 million, and \$8.8 million in 2021, 2020, and 2019, respectively. This expense was included in "Salaries, wages, and benefits" in the consolidated statements of comprehensive income. As of December 31, 2021 and 2020, the balance above in accrued payroll included \$14.5 million and \$12.8 million, respectively, in matching contributions for the 401(k) plans.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**Note 12 — Claims Accruals**

Claims accruals represent the uninsured portion of outstanding claims at year-end. The current portion reflects the amount of claims expected to be paid in the following year. The Company's insurance programs for workers' compensation, auto and collision liability, physical damage, third-party carrier and independent contractor claims, cargo damage, and medical involves self-insurance with varying risk retention levels.

Claims accruals were comprised of the following:

	December 31,	
	2021	2020
	(In thousands)	
Auto reserves	\$ 263,091	\$ 231,875
Workers' compensation reserves	90,481	94,609
Third-party carrier claims reserves	31,524	40
Independent contractor claims reserves	6,285	7,112
Cargo damage reserves	5,409	2,494
Employee medical and other reserves	20,531	13,612
Claims accruals	417,321	349,742
Less: current portion of claims accruals	(206,607)	(174,928)
Claims accruals, less current portion	\$ 210,714	\$ 174,814

**Self Insurance**

**Automobile Liability, General Liability, and Excess Liability** — Effective November 1, 2020, the Company has \$100.0 million in excess auto liability ("AL") coverage. Effective November 1, 2019, the Company had \$130.0 million in excess AL coverage. For prior years, Swift and Knight separately maintained varying excess AL and general liability limits. During prior policy periods, Swift AL claims were subject to a \$10.0 million self-insured retention ("SIR") per occurrence and Knight AL claims were subject to a \$1.0 million to \$3.0 million SIR per occurrence. Additionally, Knight carried a \$2.5 million aggregate deductible for any loss or losses within the \$5.0 million excess of \$5.0 million layer of coverage. Effective March 1, 2020, Knight and Swift retain the same \$10.0 million SIR per occurrence.

**Workers' Compensation and Employers' Liability** — The Company is self-insured for workers' compensation coverage. Swift maintains statutory coverage limits, subject to a \$5.0 million SIR for each accident or disease. Effective March 1, 2019, Knight maintains statutory coverage limits, subject to a \$2.0 million SIR for each accident or disease. Prior to March 1, 2019, the Knight SIR was \$1.0 million per each accident or disease.

**Cargo Damage and Loss** — The Company is insured against cargo damage and loss with liability limits of \$2.0 million per truck or trailer with a \$15.0 million limit per occurrence.

**Medical** — Knight maintains primary and excess coverage for employee medical expenses, with a \$0.4 million SIR per claimant. Through December 31, 2019, Swift was fully insured on its medical benefits (subject to contributed premiums). Effective January 1, 2020, Swift provides primary and excess coverage for employee medical expenses, with an SIR of \$0.5 million per claimant to all employees.

**ACT** — ACT maintains SIRs for claims on cargo losses, employee health and welfare, bodily injury and property, general liability and workers' compensation. Losses under the employee health and welfare, BIPD, and workers' compensation programs are typically limited on a per claim and aggregate basis through stop-loss and excess insurance policies. Risk retention amounts per occurrence are as follows:

- Workers' compensation - \$1.0 million
- Auto liability - \$2.0 million (ACT maintains a \$5.0 million annual corridor deductible subject to a \$10.0 million three-year policy term aggregate cap.)
- Employee medical - \$1.0 million.

See Note 2 for accounting policy regarding the Company's claims accruals.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**Note 13 — Income Taxes**

The following table presents the Company's income tax expense:

	2021	2020	2019
	(In thousands)		
<b>Current expense:</b>			
Federal	\$ 140,258	\$ 80,060	\$ 50,703
State	42,319	19,153	16,616
Foreign	8,382	4,248	5,526
	190,959	103,461	72,845
<b>Deferred expense (benefit):</b>			
Federal	48,874	29,640	28,618
State	(10,369)	7,292	3,712
Foreign	1,423	9,283	(1,377)
	39,928	46,215	30,953
Income tax expense	\$ 230,887	\$ 149,676	\$ 103,798

**Rate Reconciliation** — Expected tax expense is computed by applying the US federal corporate income tax rate of 21.0% to earnings before income taxes for 2021, 2020 and 2019. Actual tax expense differs from expected tax expense as follows:

	2021	2020	2019
	(In thousands)		
Computed "expected" tax expense	\$ 204,673	\$ 117,665	\$ 86,935
Increase (decrease) in income taxes resulting from:			
State income taxes, net of federal income tax benefit	23,063	22,423	17,803
Other	3,151	9,588	(940)
Income tax expense	\$ 230,887	\$ 149,676	\$ 103,798



**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**Deferred Income Taxes** — The components of the net deferred tax asset (liability) included in "Deferred tax liabilities" in the consolidated balance sheets were:

	December 31,	
	2021	2020
	(In thousands)	
<b>Deferred tax assets:</b>		
Claims accrual	\$ 79,496	\$ 81,426
Allowance for doubtful accounts	5,530	5,727
Amortization of stock options	8,192	7,712
Accrued liabilities	11,497	17,941
Operating lease liabilities	34,260	29,278
Other	20,562	10,687
Total deferred tax assets	159,537	152,771
Valuation allowance	—	—
Total deferred tax assets, net	159,537	152,771
<b>Deferred tax liabilities:</b>		
Property and equipment, principally due to differences in depreciation	(635,877)	(586,349)
Prepaid taxes, licenses, and permits deducted for tax purposes	(15,241)	(12,629)
Intangible assets	(338,191)	(334,618)
Operating lease right-of-use assets	(34,016)	(28,259)
Other	(11,089)	(6,857)
Total deferred tax liabilities	(1,034,414)	(968,712)
Deferred income taxes	\$ (874,877)	\$ (815,941)

**Valuation Allowance** — The Company has not established a valuation allowance as it has been determined that, based upon available evidence, a valuation allowance is not required. Management believes that it is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets. All other deferred tax assets are expected to be realized and utilized by continued profitability in future periods.

**Cumulative Undistributed Foreign Earnings** — As of December 31, 2021, foreign withholding taxes have not been provided on approximately \$107.0 million of cumulative undistributed earnings of foreign subsidiaries. The earnings are considered to be permanently reinvested outside the US. As such, the Company is not required to provide withholding taxes on these earnings until they are repatriated in the form of dividends or otherwise. During the fourth quarter of 2020 our Mexico subsidiary distributed/repatriated \$23.0 million to the US company. The taxes that resulted were insignificant.

**Unrecognized Tax Benefits** — The Company's unrecognized tax benefits as of December 31, 2021 would favorably impact the Company's effective tax rate if subsequently recognized.

See Note 2 for accounting policy related to the Company's income taxes.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits for 2021, 2020, and 2019 is below:

	2021	2020	2019
	(In thousands)		
Unrecognized tax benefits at beginning of year	\$ 2,950	\$ 4,083	\$ 7,423
Increases for tax positions taken prior to beginning of year	—	—	38
Decreases for tax positions taken prior to beginning of year	(1,215)	(1,133)	(3,378)
Unrecognized tax benefits at end of year	\$ 1,735	\$ 2,950	\$ 4,083

Increases for tax positions are related to the benefit received for federal deductions taken on the Company's subsidiary amended returns. Decreases for tax positions are related to federal deductions, which were reserved according to ASC 740-10. Management expects a decrease of \$0.3 million in unrecognized tax benefits during the next twelve months.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**Interest and Penalties** — Accrued interest and penalties were approximately \$0.1 million and \$0.3 million as of December 31, 2021 and December 31, 2020, respectively.

**Tax Examinations** — Certain of the Company's subsidiaries are currently under examination by federal and various state jurisdictions for tax years ranging from 2014 to 2020. At the completion of these examinations, management does not expect any adjustments that would have a material impact on the Company's effective tax rate. Years subsequent to 2016 remain subject to examination.

**Note 14 — Accounts Receivable Securitization**

On April 23, 2021, the Company entered into the 2021 RSA which further amended the 2018 RSA. The 2021 RSA is a secured borrowing that is collateralized by the Company's eligible receivables, for which the Company is the servicing agent. The Company's receivable originator subsidiaries sell, on a revolving basis, undivided interests in all of their eligible accounts receivable to Swift Receivables Company II, LLC ("SRCII") who in turn sells a variable percentage ownership in those receivables to the various purchasers. The Company's eligible receivables are included in "Trade receivables, net of allowance for doubtful accounts" in the consolidated balance sheets. As of December 31, 2021, the Company's eligible receivables generally have high credit quality, as determined by the obligor's corporate credit rating.

The 2021 RSA is subject to fees, various affirmative and negative covenants, representations and warranties, and default and termination provisions customary for facilities of this type. The Company was in compliance with these covenants as of December 31, 2021. Collections on the underlying receivables by the Company are held for the benefit of SRCII and the various purchasers and are unavailable to satisfy claims of the Company and its subsidiaries.

The following table summarizes the key terms of the 2021 RSA and 2018 RSA (dollars in thousands):

	2021 RSA	2018 RSA
	(Dollars in thousands)	
Effective	April 23, 2021	July 11, 2018
Final maturity date	April 23, 2024	July 9, 2021
Borrowing capacity	\$400,000	\$325,000
Accordion option <sup>1</sup>	\$100,000	\$175,000
Unused commitment fee rate <sup>2</sup>	20 to 40 basis points	20 to 40 basis points
Program fees on outstanding balances <sup>3 4</sup>	one month LIBOR + 82.5 basis points	one month LIBOR + 80 to 100 basis points

- 1 The accordion option increases the maximum borrowing capacity, subject to participation by the purchasers.
- 2 The 2021 RSA and 2018 RSA commitment fee rates are based on the percentage of the maximum borrowing capacity utilized.
- 3 Only the rate for the 2018 RSA program fee is subject to the Company's consolidated total net leverage ratio.
- 4 As identified within the 2021 RSA, the lender can trigger an amendment by identifying and deciding upon a replacement index for LIBOR.

Availability under the 2021 RSA and 2018 RSA is calculated as follows:

	December 31,	
	2021	2020
	(In thousands)	
Borrowing base, based on eligible receivables	\$ 400,000	\$ 302,700
Less: outstanding borrowings <sup>1</sup>	(279,000)	(214,000)
Less: outstanding letters of credit	(65,300)	(67,281)
Availability under accounts receivable securitization facilities	\$ 55,700	\$ 21,419

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

- 1 As of December 31, 2021, outstanding borrowings are included in "Accounts receivable securitization – less current portion" in the consolidated balance sheets and are offset by \$0.5 million of deferred loan costs. As of December 31, 2020, outstanding borrowings are included in "Accounts receivable securitization – current portion" in the consolidated balance sheets and are offset by \$0.1 million of deferred loan costs. Interest accrued on the aggregate principal balance at a rate of 0.9% and 1.0%, as of December 31, 2021 and 2020, respectively.

Program fees and unused commitment fees are recorded in "Interest expense" in the consolidated statements of comprehensive income. The Company's accounts receivable securitization incurred program fees of \$3.1 million in 2021, \$3.5 million in 2020, and \$7.2 million in 2019.

Refer to Note 23 for information regarding the fair value of the 2021 RSA and 2018 RSA.

**Note 15 — Debt and Financing**

Other than the Company's accounts receivable securitization as discussed in Note 14 and its outstanding finance lease obligations as discussed in Note 16, the Company's long-term debt consisted of the following:

	December 31,	
	2021	2020
	(In thousands)	
2021 Term Loan A-1, due December 3 2022, net <sup>1 2</sup>	\$ 199,676	\$ —
2021 Term Loan A-2, due September 3, 2024, net <sup>1 2</sup>	199,607	—
2021 Term Loan A-3, due September 3, 2026, net <sup>1 2</sup>	798,352	—
2017 Term Loan, due October 2022, net <sup>1 3</sup>	—	298,907
Prudential Notes, net <sup>1</sup>	47,265	—
Other	5,069	—
Total long-term debt, including current portion	1,249,969	298,907
Less: current portion of long-term debt	(212,417)	—
Long-term debt, less current portion	\$ 1,037,552	\$ 298,907

	December 31,	
	2021	2020
	(In thousands)	
Total long-term debt, including current portion	\$ 1,249,969	\$ 298,907
2021 Revolver, due September 3, 2026 <sup>1 4</sup>	260,000	—
2017 Revolver, due October 2022 <sup>1 5</sup>	—	210,000
Long-term debt, including revolving line of credit	\$ 1,509,969	\$ 508,907

- 1 Refer to Note 23 for information regarding the fair value of debt.
- 2 The carrying amounts of the 2021 Term Loan A-1, 2021 Term Loan A-2, and 2021 Term Loan A-3 are net of \$0.3 million, \$0.4 million, and \$1.6 million in deferred loan costs as of December 31, 2021, respectively.
- 3 Net of \$1.1 million in deferred loan costs at December 31, 2020.
- 4 The Company also had outstanding letters of credit of \$64.0 million under the 2021 Revolver, primarily related to workers' compensation and self-insurance liabilities, at December 31, 2021.
- 5 The Company also had outstanding letters of credit of \$29.3 million under the 2017 Revolver, primarily related to workers' compensation and self-insurance liabilities, at December 31, 2020.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

### **Credit Agreements**

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

	2021 Term Loan A-1	2021 Term Loan A-2	2021 Term Loan A-3	2021 Revolver <sup>2</sup>
<b>2021 Debt Agreement Terms</b>	(Dollars in thousands)			
Maximum borrowing capacity	\$200,000	\$200,000	\$800,000	\$1,100,000
Final maturity date	December 3, 2022	September 3, 2024	September 3, 2026	September 3, 2026
Interest rate margin reference rate	BSBY	BSBY	BSBY	BSBY
Interest rate minimum margin <sup>1</sup>	0.75%	0.75%	0.88%	0.88%
Interest rate maximum margin <sup>1</sup>	1.38%	1.38%	1.50%	1.50%
Minimum principal payment — amount	\$—	\$—	\$10,000	\$—
Minimum principal payment — frequency	Once	Once	Quarterly	Once
Minimum principal payment — commencement date	December 3, 2022	September 3, 2024	September 30, 2024	September 3, 2026

- The interest rate margin for the 2021 Term Loan and 2021 Revolver is based on the Company's consolidated leverage ratio. As of December 31, 2021, interest accrued at 1.022% on the 2021 Term Loans and 1.064% on the 2021 Revolver.
- The commitment fee for the unused portion of the 2021 Revolver is based on the Company's consolidated leverage ratio, and ranges from 0.07% to 0.20%. As of December 31, 2021, commitment fees on the unused portion of the 2021 Revolver accrued at 0.100% and outstanding letter of credit fees accrued at 1.000%.

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

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

**July 2021 Term Loan** — On July 6, 2021, Knight-Swift entered into a \$1.2 billion term loan with Bank of America, N.A (the "July 2021 Term Loan"). The July 2021 Term Loan was incremental to, and was separate from, the 2017 Debt Agreement. The July 2021 Term Loan was fully funded on July 6, 2021 and there were no scheduled principal payments prior to its scheduled maturity in October 2022. The interest rate applicable to the July 2021 Term Loan was subject to a leverage-based grid and equaled the BSBY rate plus 1.000% at closing. The July 2021 Term Loan was paid off and terminated using the proceeds of the 2021 Term Loans, discussed above.

The July 2021 Term Loan contained similar terms to the 2017 Debt Agreement, including the financial covenants, usual and customary events of default for a facility of this nature, and certain usual and customary restrictions and covenants.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**ACT Credit Agreement**

**Prudential Notes** — Through the acquisition of ACT, the Company assumed the Second Amended and Restated Note Purchase and Private Shelf Agreement with Prudential Capital Group ("2014 Prudential Notes"). On September 3, 2021, ACT entered into the 2021 Prudential Notes, replacing the 2014 Prudential Notes. The 2021 Prudential Notes have interest rates ranging from 4.05% to 4.40% and various maturity dates ranging from October 2023 through January 2028.

The 2021 Prudential Notes allow ACT to borrow up to \$125.0 million, less amounts then currently outstanding with Prudential Capital Group, provided that certain financial ratios are maintained. The 2021 Prudential Notes are unsecured and contain usual and customary restrictions on, among other things, the ability to make certain payments to stockholders, similar to the provisions of the Company's 2021 Debt Agreement. As of December 31, 2021, ACT had \$77.6 million available under the agreement.

See Note 23 for fair value disclosures regarding the Company's debt instruments.

**Note 16 — Leases**
**Lessee Disclosures**

**Lease Cost** — The components of the Company's lease cost were as follows:

	2021	2020
	(in thousands)	
Operating lease cost:		
Operating lease costs	\$ 46,795	\$ 80,456
Short-term lease cost <sup>1</sup>	8,426	6,544
Sublease income	(60)	(360)
Rental expense	55,161	86,640
Finance lease cost:		
Amortization of property and equipment	37,659	16,638
Interest expense	5,232	2,896
Total finance lease cost	42,891	19,534
Total operating and finance lease costs	<u>\$ 98,052</u>	<u>\$ 106,174</u>

<sup>1</sup> Short-term lease cost includes leases with a term of twelve months or less, as well as month-to-month leases and variable lease costs.

**Lease Liability Calculation Assumptions** — The assumptions underlying the calculation of the Company's right-of-use assets and corresponding lease liabilities are disclosed below.

	December 31,			
	2021		2020	
	Operating	Finance	Operating	Finance
<b>Revenue equipment leases</b>				
Weighted average remaining lease term	1.6 years	4.0 years	2.0 years	3.6 years
Weighted average discount rate	2.3 %	1.9 %	2.4 %	2.4 %
<b>Real estate and other leases</b>				
Weighted average remaining lease term	12.6 years	—	10.6 years	—
Weighted average discount rate	3.0 %	— %	3.7 %	— %

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**Maturity Analysis of Lease Liabilities (as Lessee)** — Future minimum lease payments for all noncancelable leases were:

	December 31, 2021	
	Operating	Finance
	(in thousands)	
2022	\$ 38,871	\$ 54,741
2023	27,124	49,275
2024	15,084	91,115
2025	11,037	70,543
2026	8,793	9,839
Thereafter	71,007	45,185
Future minimum lease payments	171,916	320,698
Less: amounts representing interest	(28,980)	(14,526)
Present value of minimum lease payments	142,936	306,172
Less: current portion	(35,322)	(50,006)
Lease liabilities – less current portion	\$ 107,614	\$ 256,166

**Supplemental Cash Flow Lease Disclosures** — The following table sets forth cash paid for amounts included in the measurement of lease liabilities:

	2021	2020
	(in thousands)	
Operating cash flows for operating leases	\$ 48,171	\$ 83,675
Operating cash flows for finance leases	5,232	2,896
Financing cash flows for finance leases	108,186	83,910

Refer to Note 24 for information regarding the leasing transactions between the Company and its related parties.

**Lessor Disclosures**

The Company leases revenue equipment to independent contractors and other third parties under operating leases, which generally have terms between three and four years, and include renewal and purchase options. These leases also include variable charges associated with miles driven in excess of the stipulated allowable miles in the contract, which are accounted for separately and presented in the table below. Lease classification is determined based on minimum rental receipts per the agreement, including residual value guarantees, when applicable, as well as receivables due to the Company upon default or cross-default. When independent contractors default on their leases, the Company typically re-leases the equipment to other independent contractors. As such, future lease receipts reflect original leases and re-leases.

The Company's leases to third parties, some of which are subleases, are generally short-term, and may include renewal options.

The owned assets underlying the Company's leases as lessor primarily consist of revenue equipment. As of December 31, 2021 and 2020, the gross carrying value of such revenue equipment underlying these leases was \$103.2 million and \$103.1 million, respectively, and accumulated depreciation was \$40.0 million and \$29.7 million, respectively. Depreciation is calculated on a straight-line basis down to the residual value, as applicable, over the estimated useful life of the equipment. Depreciation expense for these assets was \$20.6 million for 2021 and 2020.

Additionally, the Company periodically leases or subleases out real estate for use by third parties. These leases have varying terms, and may include renewal options.

Management's significant assumptions and judgments include the determination of the amount the Company expects to derive from the underlying asset at the end of the lease term, as well as whether a contract contains a lease.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**Lease Revenue and Rental Income** — The components of the Company's lease revenue are included in "Revenue, excluding truckload and LTL fuel surcharge" and the Company's rental income is included in "Other income, net" in the consolidated statements of comprehensive income. These amounts are disclosed in the table below.

	2021	2020
	(in thousands)	
Operating lease revenue	\$ 95,934	\$ 45,698
Variable lease revenue	1,353	1,691
Total lease revenue <sup>1</sup>	<u>\$ 97,287</u>	<u>\$ 47,389</u>
Rental income <sup>2</sup>	\$ 10,375	\$ 10,365

1 Represents operating revenue earned by the Company for leasing equipment to independent contractors and other third-parties.

2 Represents non-operating income earned from leasing real estate to third parties.

**Maturity Analysis of Future Lease Revenues (as Lessor)** — Future minimum lease revenues for all noncancelable leases were:

	December 31, 2021
	(In thousands)
2022	\$ 38,262
2023	26,211
2024	12,492
2025	5,215
2026	1,926
Thereafter	3,618
Future minimum lease revenues	<u>\$ 87,724</u>

Refer to Note 24 for information regarding the leasing transactions between the Company and related parties.

**Note 17 — Defined Benefit Pension Plan**

Through the ACT Acquisition, the Company assumed a defined benefit pension plan covering ACT's drivers, drivers' helpers, warehousemen, warehousemen's helpers, mechanics, and mechanics' helpers. The plan provides normal retirement benefits based on years of credited service and applicable benefit units as defined by the plan. Provision is also made for early and defined retirements.

The pension plan was amended such that benefit accrual and plan participation for the plan were effectively frozen as of January 1, 1997, resulting in a curtailment on that date. The net pension liability recognized is as follows:

	December 31, 2021
	(In thousands)
Projected benefit obligation	\$ 71,440
Less: fair value of plan assets	70,467
Unfunded status	<u>\$ 973</u>
Accrued pension liability recognized <sup>1</sup>	<u>\$ 973</u>

1 The pension liability is included in "Other long-term liabilities" in the consolidated balance sheets.

"Other comprehensive loss" in the consolidated statements of comprehensive income included a \$0.6 million loss from pension plan adjustments during 2021. The provisions of the plan do not require compensation levels to be considered in determining the plan's benefit obligation. As such, the accumulated benefit obligation and projected benefit obligation are the same.



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

Other information concerning the defined benefit pension plan is summarized below:

	2021
	(In thousands)
Net periodic pension income	\$ 1,483
Benefits paid	2,981

**Assumptions**

A weighted-average discount rate of 2.53% was used to determine benefit obligations as of December 31, 2021.

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

	2021
Discount rate	2.55 %
Expected long-term rate of return on pension plan assets	6.00 %

ACT's assumptions for the expected long-term rate of return on pension plan assets are based on a periodic review of the plan's asset allocation over a long-term period. Expectations of returns for each asset class are based on comprehensive reviews of historical data and economic/financial market theory. The expected long-term rate of return on pension plan assets was selected from within the reasonable range of rates determined by (1) historical real returns, net of inflation, for the asset classes covered by the investment policy and (2) projections of inflation over the long-term period during which benefits are payable to plan participants.

The defined benefit pension plan weighted-average asset allocations, by asset category, are as follows:

	2021
<b>Asset category:</b>	
Equity securities	30 %
Debt securities	68 %
Cash and cash equivalents	2 %
Total	100 %

**Pension plan assets**

The target allocation by asset category, is as follows:

	2021
<b>Asset category:</b>	
Equity securities	30 %
Debt securities	70 %
Total	100 %

The investment policy includes various guidelines and procedures designed to ensure assets are invested in a manner necessary to meet expected future benefit payments. The investment guidelines consider a broad range of economic conditions. Central to the policy are target allocation percentages (shown above) by major asset categories. The objectives of the target allocation percentages are to maintain investment portfolios that diversify risk through prudent asset allocation parameters and achieve asset returns that meet or exceed the plan's actuarial assumptions.

Refer to Note 23 for additional information regarding fair value measurements of the Company's investments.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**Cash flows**

ACT did not contribute to the pension plan during 2021. ACT is not expecting to recognize any net loss within "Other comprehensive loss" in the consolidated statements of comprehensive income during 2022.

The following benefit payments are expected to be paid in each of the fiscal years as follows:

	December 31, 2021
	(In thousands)
2022	3,594
2023	3,708
2024	3,854
2025	3,956
2026	4,043
2027 through 2030	20,543
Total	\$ 39,698

**Note 18 — Purchase Commitments**

As of December 31, 2021, the Company had outstanding commitments to acquire revenue equipment of \$858.0 million in 2022 (\$585.8 million of which were tractor commitments), \$58.6 million in 2023 (\$50.4 million of which were tractor commitments), and none thereafter. These purchases may be financed through any combination of operating leases, finance leases, debt, proceeds from sales of existing equipment, and cash flows from operations.

As of December 31, 2021, the Company had outstanding purchase commitments to acquire facilities and non-revenue equipment of \$53.4 million in 2022, \$4.5 million in the two-year period 2023 through 2024, and \$1.2 million in the two-year period 2025 through 2026, and none thereafter. Factors such as costs and opportunities for future terminal expansions may change the amount of such expenditures.

**Note 19 — Contingencies and Legal Proceedings****Accounting Policy**

The Company is involved in certain claims and pending litigation primarily arising in the normal course of business. The majority of these claims relate to workers' compensation, auto collision and liability, physical damage, and cargo damage, as well as certain class action litigation in which plaintiffs allege failure to provide meal and rest breaks, unpaid wages, unauthorized deductions, and other items. The Company accrues for the uninsured portion of claims losses and the gross amount of other losses when the likelihood of the loss is probable and the amount of the loss is reasonably estimable. These accruals are based on management's best estimate within a possible range of loss. When there is no amount within the range of loss that appears to be a better estimate than any other amount, then management accrues to the low end of the range. Legal fees are expensed as incurred.

When it is reasonably possible that exposure exists in excess of the related accrual (which could be no accrual), management discloses an estimate of the possible loss or range of loss, unless an estimate cannot be determined (because, among other reasons, (1) the proceedings are in various stages that do not allow for assessment; (2) damages have not been sought; (3) damages are unsupported and/or exaggerated; (4) there is uncertainty as to the outcome of pending appeals; and/or (5) there are significant factual issues to be resolved).

If the likelihood of a loss is remote, the Company does not accrue for the loss. However, if the likelihood of a loss is remote, but it is at least reasonably possible that one or more future confirming events may materially change management's estimate within twelve months from the date of the financial statements, management discloses an estimate of the possible loss or range of loss, unless an estimate cannot be determined.

**Legal Proceedings**

Information is provided below regarding the nature, status, and contingent loss amounts, if any, associated with the Company's pending legal matters. There are inherent uncertainties in these legal matters, some of which are beyond management's control, making the ultimate outcomes difficult to predict. Moreover, management's views and estimates related to these matters may change in the future, as new events and circumstances arise and the matters continue to develop.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

The Company has made accruals with respect to its legal matters where appropriate, which are included in "Accrued liabilities" in the consolidated balance sheets. The Company has recorded an aggregate accrual of approximately \$18.1 million and \$20.2 million relating to the Company's outstanding legal proceedings as of December 31, 2021 and 2020, respectively.

Based on management's present knowledge of the facts and (in certain cases) advice of outside counsel, management does not believe that loss contingencies arising from pending matters are likely to have a material adverse effect on the Company's overall financial position, operating results, or cash flows after taking into account any existing accruals. However, actual outcomes could be material to the Company's financial position, operating results, or cash flows for any particular period.

<b>EMPLOYEE COMPENSATION AND PAY PRACTICES MATTERS</b>			
<b>CRST Expedited</b>			
The plaintiff alleges tortious interference with contract and unjust enrichment related to non-competition agreements entered into with certain of its drivers.			
Plaintiff(s)	Defendant(s)	Date instituted	Court or agency currently pending in
CRST Expedited, Inc.	Swift Transportation Co. of Arizona LLC.	March 20, 2017	United States District Court for the Northern District of Iowa
Recent Developments and Current Status			
In July 2019, a jury issued an adverse verdict in this lawsuit. The court issued a decision granting in part and denying in part certain motions related to the jury's verdict. Both parties have appealed the court's decision. On August 6, 2021 a three-judge panel of the 8th Circuit Court of Appeals issued an opinion reversing the trial court's decision. On October 4, 2021 the 8th Circuit Court of Appeals denied a petition for rehearing. The likelihood that a loss has been incurred is no longer probable, and the accrual for this lawsuit has accordingly been reversed as of December 31, 2021.			
<b>California Wage, Meal, and Rest Class Actions</b>			
The plaintiffs generally allege one or more of the following: that the Company 1) failed to pay the California minimum wage; 2) failed to provide proper meal and rest periods; 3) failed to timely pay wages upon separation from employment; 4) failed to pay for all hours worked; 5) failed to pay overtime; 6) failed to properly reimburse work-related expenses; and 7) failed to provide accurate wage statements.			
Plaintiff(s)	Defendant(s)	Date instituted	Court or agency currently pending in
John Burnell <sup>1</sup>	Swift Transportation Co., Inc	March 22, 2010	United States District Court for the Central District of California
James R. Rudsell <sup>1</sup>	Swift Transportation Co. of Arizona, LLC and Swift Transportation Company	April 5, 2012	United States District Court for the Central District of California
Recent Developments and Current Status			
In April 2019, the parties reached settlement of this matter. In January 2020, the court granted final approval of the settlement. Two objectors appealed the court's decision granting final approval of the settlement. The likelihood that a loss has been incurred is probable and estimable, and the loss has accordingly been accrued as of December 31, 2021.			
<b>INDEPENDENT CONTRACTOR MATTERS</b>			
<b>Ninth Circuit Independent Contractor Misclassification Class Action</b>			
The putative class alleges that Swift misclassified independent contractors as independent contractors, instead of employees, in violation of the FLSA and various state laws. The lawsuit also raises certain related issues with respect to the lease agreements that certain independent contractors have entered into with Interstate Equipment Leasing, LLC. The putative class seeks unpaid wages, liquidated damages, interest, other costs, and attorneys' fees.			
Plaintiff(s)	Defendant(s)	Date instituted	Court or agency currently pending in
Joseph Sheer, Virginia Van Dusen, Jose Motolinia, Vickii Schwalm, Peter Wood <sup>1</sup>	Swift Transportation Co., Inc., Interstate Equipment Leasing, Inc., Jerry Moyes, and Chad Killebrew	December 22, 2009	United States District Court of Arizona and Ninth Circuit Court of Appeals
Recent Developments and Current Status			
In January 2020, the court granted final approval of the settlement in this matter. In March 2020, the Company paid the settlement amount approved by the court. As of December 31, 2021, the Company has accrued for anticipated costs associated with finalizing this matter.			

<sup>1</sup> Individually and on behalf of all others similarly situated.

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**Other Environmental**

The Company's tractors and trailers are involved in motor vehicle accidents, experience damage, mechanical failures and cargo issues as an incidental part of the normal ordinary course of operations. From time to time, these matters result in the discharge of diesel fuel, motor oil, or other hazardous materials into the environment. Depending on local regulations and who is determined to be at fault, the Company is sometimes responsible for the clean-up costs associated with these discharges. As of December 31, 2021, the Company's estimate for its total legal liability for all such clean-up and remediation costs was approximately \$1.1 million in the aggregate for all current and prior year claims.

**Note 20 — Share Repurchase Plans**

On May 31, 2019, the Company announced that the Board approved the repurchase of up to \$250.0 million worth of the Company's outstanding common stock (the "2019 Knight-Swift Share Repurchase Plan"). With the adoption of the 2019 Knight-Swift Share Repurchase Plan, the Company terminated the previous share repurchase plan. There was approximately \$0.2 million of authorized purchases remaining under the previous share repurchase plan upon termination.

On November 30, 2020, the Company announced that the Board approved the repurchase of up to \$250.0 million worth of the Company's outstanding common stock (the "2020 Knight-Swift Share Repurchase Plan"). With the adoption of the 2020 Knight-Swift Share Repurchase Plan, the Company terminated the 2019 Knight-Swift Share Repurchase Plan. There was approximately \$54.1 million of authorized purchases remaining under the 2019 Knight-Swift Share Repurchase Plan upon termination.

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

Share Repurchase Plan		2021		2020	
Board Approval Date	Authorized Amount	Shares	Amount	Shares	Amount
(in thousands)					
May 30, 2019	\$250,000	—	—	4,841	179,585
November 24, 2020 <sup>1</sup>	\$250,000	1,377	57,175	—	—
		1,377	\$ 57,175	4,841	\$ 179,585

<sup>1</sup> \$192.8 million and \$250.0 million remained available under the 2020 Knight-Swift Share Repurchase Plan as of December 31, 2021 and December 31, 2020, respectively.

Subsequent to December 31, 2021, the Company repurchased 0.7 million shares for \$36.9 million under the 2020 Knight-Swift Share Repurchase Plan, leaving \$155.9 million available as of February 22, 2022.

**Note 21 — Stock-based Compensation****Compensatory Stock Plans**

Before the 2017 Merger, Knight and Swift granted stock-based awards under their respective stock-based compensation plans, discussed below.

**2014 Stock Plan** — Currently, the 2014 Stock Plan, as amended and restated, is the Company's only compensatory stock-based incentive plan. The previous 2014 stock plan replaced Swift's 2007 Omnibus Incentive Plan when it was adopted by Swift's board of directors in March 2014 and then approved by the Swift stockholders in May 2014. The previous 2014 stock plan was amended and restated to rename the plan and for other administrative changes relating to the 2017 Merger. The 2014 Stock Plan was again amended and restated in 2020 to increase the number of shares of common stock available for issuance and extended the term of the 2014 Stock Plan, as well as to amend certain provisions to comply with best practices. Other terms of the 2014 Stock Plan, as amended and restated, remain substantially the same as the previous 2014 stock plan and first amended and restated stock plan. The 2014 Stock Plan, as amended and restated, permits the payment of cash incentive compensation and authorizes the granting of stock options, stock appreciation rights, restricted stock and restricted stock units, performance shares and performance units, cash-based awards, and stock-based awards to the Company's employees and non-employee directors. As of December 31, 2021, the aggregate number of shares remaining available under the 2014 Stock Plan was approximately 4.7 million.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**Legacy Plans** — In connection with the 2017 Merger, the registered securities under the Knight Amended and Restated 2003 Stock Option Plan, the Knight 2012 Equity Compensation Plan, the Knight Amended and Restated 2015 Omnibus Incentive Plan, and the Swift 2007 Omnibus Incentive Plan (collectively, the "Legacy Plans") were deregistered. As such, no future awards may be granted under these Legacy Plans. Outstanding awards granted under the Legacy Plans were assumed by Knight-Swift and continue to be governed by such Legacy Plans until such awards have been exercised, forfeited, canceled, or have otherwise expired or terminated.

See Note 2 regarding the Company's accounting policy for stock-based compensation.

**Stock-based Compensation Expense**

Stock-based compensation expense, net of forfeitures, which is included in "Salaries, wages, and benefits" in the consolidated statements of comprehensive income is comprised of the following:

	2021	2020	2019
	(In thousands)		
Stock options	\$ 232	\$ 567	\$ 1,149
Restricted stock units	18,190	13,496	9,734
Performance units	15,073	5,576	2,492
Stock-based compensation expense – equity awards	\$ 33,495	\$ 19,639	\$ 13,375
Stock-based compensation (benefit) expense – liability awards <sup>1</sup>	(5,364)	6,955	2,663
Total stock-based compensation expense, net of forfeitures	\$ 28,131	\$ 26,594	\$ 16,038
Income tax benefit <sup>2</sup>	\$ 8,357	\$ 4,949	\$ 3,344

- Includes awards granted to executive management in November 2019 that, per the original agreement, would ultimately settle in cash upon fulfilling a requisite service period (for restricted stock units) and fulfilling a requisite service period and achieving performance targets (for performance units). During 2021, the Company amended the agreements for outstanding awards to ultimately settle in shares after each requisite service period.
- The income tax benefit is calculated by applying the statutory tax rate to stock-based compensation expense for equity awards, as the expense associated with liability awards is not tax deductible.

**Unrecognized Stock-based Compensation Expense**

The following table presents the total unrecognized stock-based compensation expense and the expected weighted average period over which these expenses will be recognized:

	December 31, 2021	
	Expense	Weighted Average Period
	(In thousands)	(In years)
Equity awards – Restricted stock units	49,704	2.2
Equity awards – Performance units	14,306	2.4
Total unrecognized stock-based compensation expense	\$ 64,010	2.3

**Stock Award Grants**

	2021	2020	2019
Restricted stock units	562,021	722,499	588,819
Performance units	112,690	146,036	102,776
Equity awards granted	674,711	868,535	691,595
Liability awards granted <sup>1 2</sup>	—	—	80,927
Total stock awards granted	674,711	868,535	772,522

<sup>1</sup> Includes 48,556 performance units in 2019.

<sup>2</sup> Includes 32,371 restricted stock units in 2019.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**Stock Options**

Stock options are the contingent right of award holders to purchase shares of the Company's common stock at a stated price for a limited time. The exercise price of options granted equals the fair value of the Company's common stock determined by the closing price of the Company's common stock quoted on the NYSE on the grant date. Most stock options granted by the Company cannot be exercised until at least one year after the grant date and have a five to ten-year contractual term. Stock options are generally forfeited upon termination of employment for reasons other than death, disability, or retirement.

A summary of 2021 stock option activity follows:

<b>Stock options outstanding:</b>	<b>Shares Under Option</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Term</b>	<b>Aggregate Intrinsic Value <sup>1</sup></b>
			<b>(In years)</b>	<b>(In thousands)</b>
Stock options outstanding at December 31, 2020	302,976	\$ 29.45	1.2	\$ 3,748
Granted	—	—		
Exercised	(207,242)	28.59		
Expired	(7,419)	23.80		
Forfeited	(3,308)	33.35		
Stock options outstanding at December 31, 2021	85,007	\$ 31.95	0.6	\$ 2,464
Aggregate number of stock options expected to vest at a future date as of December 31, 2021	—	\$ —	0.0	\$ —
Exercisable at December 31, 2021	85,007	\$ 31.95	0.6	\$ 2,464

1 The aggregate intrinsic value was computed using the closing share price on December 31, 2021 of \$60.94 and on December 31, 2020 of \$41.82, as applicable.

The following table summarizes stock option exercise information for the years presented:

<b>Stock option exercises</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>(In thousands, except share data)</b>		
Number of stock options exercised	207,242	382,254	443,288
Intrinsic value of stock options exercised	\$ 4,120	\$ 4,929	\$ 5,183
Cash received upon exercise of stock options	\$ 5,924	\$ 10,199	\$ 10,478
Income tax benefit	\$ 1,304	\$ 1,029	\$ 221

The following table is a rollforward of the Company's unvested stock options:

<b>Unvested stock options:</b>	<b>Shares</b>	<b>Weighted Average Fair Value</b>
Unvested stock options at December 31, 2020	86,779	\$ 6.78
Vested	(83,707)	6.78
Forfeited and canceled	(3,072)	6.78
Unvested stock options at December 31, 2021	—	\$ —

The total fair value of the shares vested during 2021, 2020, and 2019 was \$0.6 million, \$1.0 million, and \$1.5 million, respectively.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

### **Restricted Stock Units**

A restricted stock unit represents a right to receive a common share of stock when the unit vests. Restricted stock unit recipients do not have voting rights with respect to the shares underlying unvested awards. Employees generally forfeit their units if their employment terminates before the vesting date, with the exception of death, disability or retirement.

The following table is a rollforward of unvested restricted stock units, including restricted stock units classified as equity and those classified as liabilities:

<b>Unvested restricted stock units:</b>	<b>Number of Awards</b>	<b>Weighted Average Fair Value <sup>1</sup></b>
Unvested restricted stock units at December 31, 2020	1,723,838	\$ 34.07
Granted	562,021	50.63
Vested <sup>2</sup>	(456,670)	32.53
Forfeited	(119,428)	39.97
Unvested restricted stock units at December 31, 2021	1,709,761	\$ 39.81

<sup>1</sup> The fair value of each restricted stock unit is based on the closing market price on the grant date.

<sup>2</sup> Includes 170,280 shares withheld for taxes and 18,697 net units settled in cash which were excluded from the "Common stock issued to employees" activity within the consolidated statements of stockholders' equity.

### **Performance Units**

The Company issues performance units to select key employees, that may be earned based on achieving performance targets approved by the compensation committee annually. The initial award is subject to an adjustment determined by the Company's performance achieved over a three-year performance period when compared to the objective performance standards adopted by the compensation committee. Furthermore, the performance units have additional service requirements subsequent to the achievement of the performance targets. Performance units do not earn dividend equivalents.

The following table is a rollforward of unvested performance units, including performance units classified as equity and those classified as liabilities:

<b>Unvested performance units:</b>	<b>Shares</b>	<b>Weighted Average Fair Value</b>
Unvested performance units at December 31, 2020	549,730	\$ 39.50
Granted	112,690	\$ 60.55
Shares earned above target	45,409	\$ 37.89
Vested <sup>1</sup>	(136,225)	\$ 45.02
Unvested performance units at December 31, 2021 <sup>2</sup>	571,604	\$ 44.22

<sup>1</sup> Includes 63,815 shares withheld for taxes and 39,225 net units settled in cash which were excluded from the "Common stock issued to employees" activity within the consolidated statements of stockholders' equity.

<sup>2</sup> The performance measurement period for performance units granted in 2018 is January 1, 2019 to December 31, 2021 (three full calendar years). The performance measurement period for performance units granted in 2019 is January 1, 2020 to December 31, 2022 (three full calendar years). The performance measurement period for performance units granted in 2020 is January 1, 2021 to December 31, 2023 (three full calendar years). The performance measurement period for units granted in 2021 is January 1, 2022 to December 31, 2024 (three full calendar years). All performance units will vest one month following the expiration of the performance measurement period.



**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

The following table presents the weighted average assumptions used in the fair value computation for performance units, including performance units classified as equity and those classified as liabilities:

<b>Performance unit fair value assumptions:</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Dividend yield <sup>1</sup>	0.67 %	0.78 %	0.66 %
Expected volatility <sup>2</sup>	36.00 %	37.99 %	34.88 %
Average peer volatility <sup>2</sup>	35.49 %	35.62 %	27.96 %
Average peer correlation coefficient <sup>3</sup>	0.60	0.59	0.60
Risk-free interest rate <sup>4</sup>	0.92 %	0.20 %	1.60 %
Expected term (in years) <sup>5</sup>	3.1	3.1	3.1
Weighted-average fair value of performance units granted	\$ 60.55	\$ 42.41	\$ 37.24

- 1 The dividend yield, used to project stock price to the end of the performance period, is based on the Company's historical experience and future expectation of dividend payouts. Total stockholder return is determined assuming that dividends are reinvested in the issuing entity over the performance period, which is mathematically equivalent to utilizing a 0% dividend yield.
- 2 Management (or peer company) estimated volatility using the Company's (or peer company's) historical share price performance over the remaining performance period as of the grant date.
- 3 The correlation coefficients are used to model the way in which each entity tends to move in relation to each other; the correlation assumptions were developed using the same stock price data as the volatility assumptions.
- 4 The risk-free interest rate assumption is based on US Treasury securities at a constant maturity with a maturity period that most closely resembles the expected term of the performance award.
- 5 Since the Monte Carlo Simulation valuation is an open form model that uses an expected life commensurate with the performance period, the expected life of the performance units was assumed to be the period from the grant date to the end of the performance period.

**Non-compensatory Stock Plan: ESPP**

The Company's 2012 ESPP is administered by the Company, is intended to qualify under Section 423 of the Internal Revenue Code, and is considered noncompensatory. Pursuant to the 2012 ESPP, the Company is authorized to issue up to 1.4 million shares of its common stock to eligible employees who participate in the plan. Employees are eligible to participate in the 2012 ESPP following at least 90 days of employment with the Company or any of its participating subsidiaries. Under the terms of the 2012 ESPP, eligible employees may elect to purchase common stock through payroll deductions, not to exceed 15% of their gross cash compensation. The purchase price of the common stock is 95% of the common stock's fair market value quoted on the NYSE on the last trading day of each offering period. There are four three-month offering periods corresponding to the calendar quarters. Each eligible employee is restricted to purchasing a maximum of \$6,250 of common stock during an offering period, determined by the fair market value of the common stock as of the last day of the offering period, and \$25,000 of common stock during a calendar year. Officers or employees who own 5% or more of the total voting power or value of common stock are restricted from participating in the 2012 ESPP.

The plan was amended effective January 1, 2019 to align with new federal tax legislation that lifted the restriction on contributing to the ESPP if the participant had a hardship withdrawal on the 401(k) plan.

In 2021, the Company issued approximately 63,000 shares under the 2012 ESPP at a weighted average discounted price per share of \$44.12. As of December 31, 2021, the Company is authorized to issue an additional 1.0 million shares under the 2012 ESPP.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**Note 22 — Weighted Average Shares Outstanding**

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

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

	2021	2020	2019
	(In thousands)		
Basic weighted average common shares outstanding	165,860	169,711	171,541
Dilutive effect of equity awards	1,200	838	601
Diluted weighted average common shares outstanding	167,060	170,549	172,142
Anti-dilutive shares excluded from earnings per diluted share <sup>1</sup>	208	63	603

<sup>1</sup> Shares were excluded from the dilutive-effect calculation because the outstanding awards' exercise prices were greater than the average market price of the Company's common stock.

**Note 23 — Fair Value Measurement**

ASC 820, *Fair Value Measurements and Disclosures*, requires that the Company disclose estimated fair values for its financial instruments. The estimated fair value of a financial instrument is the amount 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 in the principal or most advantageous market for the asset or liability. Fair value estimates are made at a specific point in time and are based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Changes in assumptions could significantly affect these estimates. Because the fair value is estimated as of December 31, 2021 and 2020, the amounts that will actually be realized or paid at settlement or maturity of the instruments in the future could be significantly different.

The estimated fair values of the Company's financial instruments represent management's best estimates of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. The estimated fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the estimated fair value measurement reflects management's own judgments about the assumptions that market participants would use in pricing the asset or liability. These judgments are developed by the Company based on the best information available under the circumstances.

The following summary presents a description of the methods and assumptions used to estimate the fair value of each class of financial instrument.

**Restricted Investments, Held-to-Maturity** — The estimated fair value of the Company's restricted investments is based on quoted prices in active markets that are readily and regularly obtainable. See Note 5 for additional investments disclosures regarding restricted investments, held-to-maturity.

**Convertible Notes** — The estimated fair value of the Company's convertible note is based on probability weighted discounted cash flow analysis of the corresponding pay-off/redemption.

**Equity Method Investments** — The estimated fair value of the Company's equity method investments are privately negotiated investments. The carrying amount of these investments approximates the fair value.

**Equity Securities** — The estimated fair value of the Company's investments in equity securities is based on quoted prices in active markets that are readily and regularly obtainable.

**Pension Plan Assets** — The estimated fair value of ACT's pension plan assets are based on quoted prices in active markets that are readily and regularly obtainable.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**Debt Instruments and Leases** — For notes payable under the 2021 Revolver, the 2021 Term Loans, the 2021 Prudential Notes, the 2017 Revolver, and the 2017 Term Loan, fair value approximates the carrying value due to the variable interest rate. The carrying values of the 2021 RSA and 2018 RSA approximate fair value, as the underlying receivables are short-term in nature and only eligible receivables (such as those with high credit ratings) are qualified to secure the borrowed amounts. For finance and operating lease liabilities, the carrying value approximates the fair value, as the Company's finance and operating lease liabilities are structured to amortize in a manner similar to the depreciation of the underlying assets.

**Contingent Consideration** — The estimated fair value of the Company's contingent consideration owed to sellers is calculated using applicable models and inputs for each acquired entity.

**Other** — Cash and cash equivalents, restricted cash, net accounts receivable, income tax refund receivable, and accounts payable represent financial instruments for which the carrying amount approximates fair value, as they are short-term in nature. These instruments are accordingly excluded from the disclosures below. All remaining balance sheet amounts excluded from the below are not considered financial instruments, subject to this disclosure.

**Fair Value Hierarchy** — ASC 820 establishes a framework for measuring fair value in accordance with GAAP and expands financial statement disclosure requirements for fair value measurements. ASC 820 further specifies a hierarchy of valuation techniques, which is based on whether the inputs into the valuation technique are observable or unobservable. The hierarchy follows:

- **Level 1** — Valuation techniques in which all significant inputs are quoted prices from active markets for assets or liabilities that are identical to the assets or liabilities being measured.
- **Level 2** — Valuation techniques in which significant inputs include quoted prices from active markets for assets or liabilities that are similar to the assets or liabilities being measured and/or quoted prices from markets that are not active for assets or liabilities that are identical or similar to the assets or liabilities being measured. Also, model-derived valuations in which all significant inputs and significant value drivers are observable in active markets are Level 2 valuation techniques.
- **Level 3** — Valuation techniques in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are valuation technique inputs that reflect the Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

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

	Consolidated Balance Sheets Caption	December 31, 2021		December 31, 2020	
		Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
(In thousands)					
<b>Financial Assets:</b>					
Restricted investments, held-to-maturity <sup>1</sup>	Restricted investments, held-to-maturity, amortized cost	\$ 5,866	\$ 5,859	\$ 9,001	\$ 8,995
Equity method investments	Other long-term assets	75,769	75,769	77,562	77,562
Investments in equity securities	Other long-term assets	74,201	74,201	18,675	18,675
Convertible note	Other long-term assets	10,141	10,141	—	—
<b>Financial Liabilities:</b>					
2021 Term Loan A-1, due December 2022 <sup>2</sup>	Long-term debt – less current portion	199,676	200,000	—	—
2021 Term Loan A-2, due September, 2024 <sup>2</sup>	Long-term debt – less current portion	199,607	200,000	—	—
2021 Term Loan A-3, due September 2026 <sup>2</sup>	Long-term debt – less current portion	798,352	800,000	—	—
2021 Revolver, due September 2026	Revolving line of credit	260,000	260,000	—	—
2021 Prudential Notes <sup>3</sup>	Finance lease liabilities and long-term debt – current portion, Long-term debt – less current portion	47,265	47,354	—	—
2021 RSA, due April 2024 <sup>4</sup>	Accounts receivable securitization – less current portion	278,483	279,000	—	—
Contingent consideration associated with acquisition	Accrued liabilities, Other long-term liabilities	13,100	13,100	16,200	16,200
2017 Term Loan, due October 2022 <sup>5</sup>	Long-term debt – less current portion	\$ —	\$ —	\$ 298,907	\$ 300,000
2017 Revolver, due October 2022	Revolving line of credit	—	—	210,000	210,000
2018 RSA, due July 2021 <sup>6</sup>	Accounts receivable securitization – current portion	—	—	213,918	214,000

- 1 Refer to Note 5 for the differences between the carrying amounts and estimated fair values of the Company's restricted investments, held-to-maturity.
- 2 The carrying amounts of the 2021 Term Loan A-1, 2021 Term Loan A-2, and 2021 Term Loan A-3 are net of \$0.3 million, \$0.4 million, and \$1.6 million in deferred loan costs as of December 31, 2021, respectively.
- 3 The carrying amount of the 2021 Prudential Notes is net of \$0.1 million in deferred loan costs and \$2.4 million in fair value adjustments as of December 31, 2021.
- 4 The carrying amount of the 2021 RSA is net of \$0.5 million in deferred loan costs as of December 31, 2021.
- 5 The carrying amount of the 2017 Term Loan is net of \$1.1 million in deferred loan costs as of December 31, 2020.
- 6 The carrying amount of the 2018 RSA is net of \$0.1 million in deferred loan costs as of December 31, 2020.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**Recurring Fair Value Measurements (Assets)** — The following table depicts the level in the fair value hierarchy of the inputs used to estimate fair value of assets measured on a recurring basis as of December 31, 2021 and 2020:

	Estimated Fair Value	Fair Value Measurements at Reporting Date Using			Unrealized Gain Position
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
(In thousands)					
As of December 31, 2021					
Convertible note <sup>1</sup>	\$ 10,141	\$ —	\$ —	\$ 10,141	\$ 141
Investments in equity securities <sup>2</sup>	74,201	74,201	—	—	14,456
As of December 31, 2020					
Investments in equity securities <sup>3</sup>	18,675	18,675	—	—	3,553

- The Company recognized \$0.1 million of unrealized gains on the convertible note during 2021, which is included within "Other income, net" within the consolidated statements of comprehensive income. The fair value of the note was determined using a discounted cash flow analysis based on the probability of exit event options and exit event dates.
- Fair value activity from the investments in equity securities is recorded in "Other income, net" within the consolidated statements of comprehensive income. During 2021, the Company recognized \$16.4 million in gains on these investments in equity securities, consisting of \$10.9 million in unrealized gains and \$5.5 million in realized gains.
- Fair value activity from the investments in equity securities is recorded in "Other income, net" within the consolidated statements of comprehensive income. During 2020, the Company recognized \$3.7 million in unrealized gains on these investments in equity securities.

**Recurring Fair Value Measurements (Liabilities)** — The following table depicts the level in the fair value hierarchy of the inputs used to estimate the fair value of liabilities measured on a recurring basis as of December 31, 2021 and 2020.

	Estimated Fair Value	Fair Value Measurements at Reporting Date Using			Total Gain (Loss)
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
		(In thousands)			
<b>As of December 31, 2021</b>					
Contingent consideration associated with acquisition <sup>1</sup>	\$ 13,100	\$ —	\$ —	\$ 13,100	\$ —
<b>As of December 31, 2020</b>					
Contingent consideration associated with acquisition <sup>2</sup>	16,200	—	—	16,200	(6,730)

- The Company did not recognize any gains (losses) during 2021 related to the revaluation of these liabilities. Refer to Note 4 for information regarding the components of these liabilities.
- During the fourth quarter of 2020, the Company increased the estimated fair value of the remaining contingent consideration representing the final two annual payments, resulting in a \$6.7 million fair value adjustment of the deferred earnout, which was recorded in "Miscellaneous operating expenses" in the consolidated statement of comprehensive income.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**Nonrecurring Fair Value Measurements (Assets)** — The following table depicts the level in the fair value hierarchy of the inputs used to estimate the fair value of assets measured on a nonrecurring basis as of December 31, 2021 and 2020:

	Estimated Fair Value	Fair Value Measurements at Reporting Date Using				Total Loss
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs		
		(In thousands)				
<i>As of December 31, 2021</i>						
Equipment <sup>1</sup>	\$ —	\$ —	\$ —	\$ —	\$ —	(299)
<i>As of December 31, 2020</i>						
Equipment <sup>2</sup>	5,851	—	5,851	—		(5,335)

1 Reflects the non-cash impairment of certain revenue equipment held for sale (within the non-reportable segments and the Truckload segment).

2 Reflects the non-cash impairment of certain alternative fuel technology (within the non-reportable segments) and certain revenue equipment held for sale (within the Truckload segment). The Company recognized \$5.3 million of impairments during 2020.

**Nonrecurring Fair Value Measurements (Liabilities)** — As of December 31, 2021 and 2020 there were no liabilities included in the Company's consolidated balance sheets at estimated fair value that were measured on a nonrecurring basis.

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

	Estimated Fair Value	Fair Value Measurements at Reporting Date Using:			
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
		(In thousands)			
<i>As of December 31, 2021</i>					
US equity funds	\$ 14,877	\$ 14,877	\$ —	\$ —	
International equity funds	6,304	6,304	—	—	
Fixed income funds	47,873	47,873	—	—	
Cash and cash equivalents	1,413	1,413	—	—	
Total pension plan assets	\$ 70,467	\$ 70,467	\$ —	\$ —	

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

**Note 24 — Related Party Transactions**

The following table presents Knight-Swift's transactions with companies controlled by and/or affiliated with its related parties:

	2021		2020		2019	
	Provided by Knight-Swift	Received by Knight-Swift	Provided by Knight-Swift	Received by Knight-Swift	Provided by Knight-Swift	Received by Knight-Swift
(In thousands)						
<b>Freight Services:</b>						
Central Freight Lines <sup>1</sup>	\$ —	\$ —	\$ 7,837	\$ —	\$ 19,651	\$ —
SME Industries <sup>1</sup>	—	—	56	—	345	—
Total	\$ —	\$ —	\$ 7,893	\$ —	\$ 19,996	\$ —
<b>Facility and Equipment Leases:</b>						
Central Freight Lines <sup>1</sup>	\$ —	\$ —	\$ 48	\$ 277	\$ 322	\$ 369
Other Affiliates <sup>1</sup>	—	311	11	229	18	—
Total	\$ —	\$ 311	\$ 59	\$ 506	\$ 340	\$ 369
<b>Other Services:</b>						
Central Freight Lines <sup>1</sup>	\$ —	\$ —	\$ 427	\$ —	\$ 1,834	\$ —
DPF Mobile <sup>1</sup>	—	—	—	33	—	220
Other Affiliates <sup>1</sup>	31	35	15	35	39	2,432
Total	\$ 31	\$ 35	\$ 442	\$ 68	\$ 1,873	\$ 2,652

<sup>1</sup> Entities affiliated with former Board member Jerry Moyes include Central Freight Lines, SME Industries, and DPF Mobile. "Other affiliates" includes entities that are associated with various board members and executives and require approval by the Board prior to completing transactions. Transactions with these entities generally include freight services, facility and equipment leases, equipment sales, and other services.

- **Freight Services Provided by Knight-Swift** — The Company charges each of these companies for transportation services.
- **Freight Services Received by Knight-Swift** — Transportation services received from Central Freight represent less-than-truckload freight services rendered to haul parts and equipment to Company shop locations.
- **Other Services Provided by Knight-Swift** — Other services provided by the Company to the identified related parties include equipment sales and miscellaneous services.
- **Other Services Received by Knight-Swift** — Consulting fees, diesel particulate filter cleaning, sales of various parts and tractor accessories, and certain third-party payroll and employee benefits administration services from the identified related parties are included in other services received by the Company.

During the quarter ended September 30, 2020, the ownership percentage of Jerry Moyes and related affiliates fell below the threshold requiring related party disclosure. The amounts included in this Note 24 pertain to transactions that occurred prior to the date that the ownership percentage changed.

Receivables and payables pertaining to related party transactions were:

	December 31,			
	2021		2020	
	Receivable	Payable	Receivable	Payable
(In thousands)				
Central Freight Lines	\$ —	\$ —	\$ 133	\$ —
DPF Mobile	—	—	—	41
Other Affiliates	14	44	2	10
Total	\$ 14	\$ 44	\$ 135	\$ 51



**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

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**Note 25 — Information by Segment, Geography, and Customer Concentration**

**Segment Information**

The Company has four reportable segments: Truckload, Logistics, LTL, and Intermodal, as well as the non-reportable segments, discussed below. Based on how economic factors affect the nature, amount, timing, and uncertainty of revenue or cash flows, the Company disaggregates revenues by reportable segment for the purposes of applying the ASC 606 guidance.

The Company's twenty-four operating segments are structured around the types of transportation service offerings provided to our customers, as well as the equipment utilized. In addition, the operating segments may be further distinguished by the Company's respective brands. The Company aggregated these various operating segments into the four reportable segments discussed below based on similarities with both their qualitative and economic characteristics.

**Truckload**

The Truckload reportable segment is comprised of nine full truckload operating segments that provide similar transportation services to the Company's customers utilizing similar transportation equipment over both irregular (one-way movement) and/or dedicated routes. The Truckload reportable segment consists of irregular route and dedicated, refrigerated, expedited, flatbed, and cross-border operations.

**Logistics**

The Logistics reportable segment is comprised of six logistics operating segments that provide similar transportation services to the Company's customers and primarily consist of brokerage and other freight management services utilizing third-party transportation providers and their equipment.

**LTL**

Our LTL segment, established in 2021 through the ACT and MME acquisitions, is comprised of two operating segments and provides our customers with regional LTL transportation services through a network of approximately 100 service centers in the Company's geographical footprint. The Company's LTL service also includes national coverage to customers by utilizing partner carriers for areas outside of the Company's direct network.

**Intermodal**

The Intermodal reportable segment is comprised of two intermodal operating segments that provide similar transportation services to the Company's customers. These transportation services include arranging the movement of customers' freight through third-party intermodal rail services on the Company's trailing equipment (containers and trailers on flat cars), as well as drayage services to transport loads between the railheads and customer locations.

**Non-reportable**

The non-reportable segments include five operating segments that consist of support services provided to the Company's customers and independent contractors (including repair and maintenance shop services, equipment leasing, warranty services, and insurance), trailer parts manufacturing, warehousing, and certain driving academy activities, as well as certain corporate expenses (such as legal settlements and accruals, certain impairments, and amortization of intangibles related to the 2017 Merger and various acquisitions).

**Intersegment Eliminations**

Certain operating segments provide transportation and related services for other affiliates outside their segments. For certain operating segments, such services are billed at cost, and no profit is earned. For the other operating segments, revenues for such services are based on negotiated rates, and are reflected as revenues of the billing segment. These rates are adjusted from time to time, based on market conditions. Such intersegment revenues and expenses are eliminated in Knight-Swift's consolidated results.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED**

The following tables present the Company's financial information by segment:

	2021		2020		2019	
<b>Total revenue:</b>	(Dollars in thousands)					
Truckload	\$ 4,098,005	68.3 %	\$ 3,786,030	81.0 %	\$ 3,952,866	81.6 %
Logistics	\$ 817,003	13.6 %	\$ 375,841	8.0 %	\$ 352,988	7.3 %
LTL	\$ 396,308	6.6 %	\$ —	— %	\$ —	— %
Intermodal	\$ 458,867	7.7 %	\$ 391,462	8.4 %	\$ 455,466	9.4 %
Subtotal	\$ 5,770,183	96.2 %	\$ 4,553,333	97.4 %	\$ 4,761,320	98.3 %
Non-reportable segments	\$ 306,414	5.1 %	\$ 188,882	4.0 %	\$ 130,782	2.7 %
Intersegment eliminations	\$ (78,578)	(1.3 %)	\$ (68,352)	(1.4 %)	\$ (48,152)	(1.0 %)
Total revenue	\$ 5,998,019	100.0 %	\$ 4,673,863	100.0 %	\$ 4,843,950	100.0 %

	2021		2020		2019	
<i>Operating income (loss):</i>	(Dollars in thousands)					
Truckload	\$ 784,436	81.2 %	\$ 578,512	102.5 %	\$ 468,749	109.7 %
Logistics	\$ 93,920	9.7 %	\$ 20,245	3.6 %	\$ 21,869	5.1 %
LTL	\$ 31,169	3.2 %	\$ —	— %	\$ —	— %
Intermodal	\$ 42,060	4.4 %	\$ (943)	(0.2 %)	\$ 4,501	1.1 %
Subtotal	\$ 951,585	98.5 %	\$ 597,814	105.9 %	\$ 495,119	115.9 %
Non-reportable segments	\$ 14,112	1.5 %	\$ (33,376)	(5.9 %)	\$ (67,681)	(15.9 %)
Operating income	\$ 965,697	100.0 %	\$ 564,438	100.0 %	\$ 427,438	100.0 %

	2021			2020			2019		
<i>Depreciation and amortization of property and equipment:</i>	(Dollars in thousands)								
Truckload	\$	422,558	80.9 %	\$	390,417	84.7 %	\$	355,270	84.6 %
Logistics	\$	1,357	0.3 %	\$	829	0.2 %	\$	728	0.2 %
LTL	\$	24,844	4.8 %	\$	—	— %	\$	—	— %
Intermodal	\$	15,345	2.9 %	\$	14,377	3.1 %	\$	13,506	3.2 %
Subtotal	\$	464,104	88.9 %	\$	405,623	88.0 %	\$	369,504	88.0 %
Non-reportable segments	\$	58,492	11.1 %	\$	55,152	12.0 %	\$	50,578	12.0 %
Consolidated depreciation and amortization of property and equipment	\$	522,596	100.0 %	\$	460,775	100.0 %	\$	420,082	100.0 %

### Geographical Information

In aggregate, operating revenue from the Company's foreign operations was less than 5.0% of consolidated total revenue for each of 2021, 2020, and 2019. Additionally, long-lived assets on the balance sheets of the Company's foreign subsidiaries were less than 5.0% of consolidated "Total assets" as of December 31, 2021 and 2020.

### Customer Concentration

Services provided to the Company's largest customer generated 16.1%, 16.8%, and 13.3% of total revenue in 2021, 2020, and 2019, respectively. Revenue generated by the Company's largest customer is reported in each of our reportable operating segments. No other customer accounted for 10.0% or more of total revenue in 2021, 2020, or 2019.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

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

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Disclosure Controls and Procedures**

As of the end of the period covered by this annual report on Form 10-K, we carried out an evaluation, under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of our disclosure controls and procedures as such term is defined in Exchange Act Rules 13a-15(e) and 15d-15(e), including controls and procedures to timely alert management to material information relating to Knight-Swift Transportation Holdings Inc. and subsidiaries required to be included in our periodic SEC filings. Based on that evaluation, our CEO and CFO have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

**Changes in Internal Control over Financial Reporting**

There has been no significant change in our internal control over financial reporting during the quarter ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Management's Report on Internal Control over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Internal control over financial reporting includes 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 Company's assets;
- (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 are being made only in accordance with the authorization 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 inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Under the supervision and with the participation of our CEO and CFO, management conducted an evaluation of the Company's internal control over financial reporting as of December 31, 2021. In making this evaluation, management used the criteria in *Internal Control - Integrated Framework*, issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management concluded that its internal control over financial reporting was effective as of December 31, 2021.

The effectiveness of internal control over financial reporting as of December 31, 2021 was audited by Grant Thornton LLP, the independent registered public accounting firm that also audited the Company's consolidated financial statements included in this Annual Report on Form 10-K. Grant Thornton LLP's report on the Company's internal control over financial reporting is included herein.

In July 2021, we completed the ACT Acquisition. For further discussion of the ACT Acquisition, refer to Note 4 in Part II, Item 8. We are in the process of evaluating the existing controls and procedures of ACT and integrating ACT in our disclosure controls and procedures and internal control over financial reporting. SEC guidance permits companies to exclude acquisitions from their assessment of internal control over financial reporting for the fiscal year in which the acquisition occurred, and our management has elected to exclude ACT from its assessment. ACT constituted 14.0% and 6.0% of our consolidated total assets and consolidated revenues, respectively, as of and for the year ended December 31, 2021.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders  
Knight-Swift Transportation Holdings Inc.

### Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Knight-Swift Transportation Holdings 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 24, 2022 expressed 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 ("Management's Report"). 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.

Our audit of, and opinion on, the Company's internal control over financial reporting does not include the internal control over financial reporting of AAA Cooper Transportation ("ACT"), a wholly-owned subsidiary, whose financial statements reflect total assets and revenues constituting 14 and 6 percent, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2021. As indicated in Management's Report, ACT was acquired during 2021. Management's assertion on the effectiveness of the Company's internal control over financial reporting excluded internal control over financial reporting of ACT.

### 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

Phoenix, Arizona  
February 24, 2022

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

**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 required under this Item 10 is hereby incorporated by reference to the information set forth under the captions "Proposal No. 1: Election of Directors," "Management," "The Board of Directors and Corporate Governance — Code of Business Conduct and Ethics," "The Board of Directors and Corporate Governance — Nomination of Director Candidates," and "The Board of Directors and Corporate Governance — Board Committees" in the Company's definitive proxy statement for its 2022 Annual Meeting of Stockholders to be filed with the SEC.

**ITEM 11. EXECUTIVE COMPENSATION**

The information required under this Item 11 is hereby incorporated by reference to the information set forth under the captions "Executive Compensation," "Compensation Committee Interlocks and Insider Participation," and "Compensation Committee Report" in the Company's definitive proxy statement for its 2022 Annual Meeting of Stockholders to be filed with the SEC.

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

**Equity Plan Information**

Before the 2017 Merger, Knight and Swift granted stock-based awards under their respective stock-based compensation plans, discussed below.

**2014 Stock Plan** — Currently, the 2014 Stock Plan, as amended and restated, is the Company's only compensatory stock-based incentive plan. The previous 2014 stock plan replaced Swift's 2007 Omnibus Incentive Plan when it was adopted by Swift's board of directors in March 2014 and then approved by the Swift stockholders in May 2014. The previous 2014 stock plan was amended and restated to rename the plan and for other administrative changes relating to the 2017 Merger. The 2014 Stock Plan was again amended and restated in 2020 to increase the number of shares of common stock available for issuance and extended the term of the 2014 Stock Plan, as well as to amend certain provisions to comply with best practices. Other terms of the 2014 Stock Plan, as amended and restated, remain substantially the same as the previous 2014 stock plan and first amended and restated stock plan. The 2014 Stock Plan, as amended and restated, permits the payment of cash incentive compensation and authorizes the granting of stock options, stock appreciation rights, restricted stock and restricted stock units, performance shares and performance units, cash-based awards, and stock-based awards to the Company's employees and non-employee directors.

**2012 ESPP** — The 2012 ESPP, as amended, authorized the Company to issue shares of its common stock to eligible employees who participate in the plan.

## KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

The following table represents securities authorized for issuance under the Company's stock plans at December 31, 2021:

<b>Plan Category:</b>	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	2,366,372	\$ 31.95	5,681,000
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>2,366,372</b>	<b>\$ 31.95</b>	<b>5,681,000</b>

Column (a) includes 2,281,365 shares of Knight-Swift common stock underlying outstanding restricted stock units and performance units. Because there is no exercise price associated with such awards, such equity awards are not included in the weighted-average exercise price calculation in column (b).

Columns (a) and (b) pertain to the 2014 Stock Plan. No amounts related to the 2012 ESPP are included in columns (a) or (b). Column (c) includes 4,729,787 shares available for issuance under the 2014 Stock Plan and 951,213 shares available for issuance under the 2012 ESPP.

Other information required under this Item 12 is hereby incorporated by reference to the information set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" in the Company's definitive proxy statement for its 2022 Annual Meeting of Stockholders to be filed with the SEC.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required under this Item 13 is hereby incorporated by reference to the information set forth under the captions "Relationships and Related Party Transactions," "The Board of Directors and Corporate Governance — Composition of Board," "The Board of Directors and Corporate Governance — Board Leadership Structure," and "The Board of Directors and Corporate Governance — Board Committees" in the Company's definitive proxy statement for its 2022 Annual Meeting of Stockholders to be filed with the SEC.

### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required under this Item 14 is hereby incorporated by reference to the information set forth under the caption "Audit and Non-Audit Fees" in the Company's definitive proxy statement for its 2022 Annual Meeting of Stockholders to be filed with the SEC.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

PART IV

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a) List of documents filed as a part of this Form 10-K:

- (1) See the Consolidated Financial Statements included in Item 8 hereof.
- (2) Financial Statement Schedules are omitted since the required information is not present or is not present in the amounts sufficient to require submission of a schedule, or because the information required is included in the consolidated financial statements, including the notes thereto.

(b) Exhibits

Exhibit Number	Description	Page or Method of Filing
<a href="#">2.1*</a>	<a href="#">Agreement and Plan of Merger, dated as of April 9, 2017, by and among Swift Transportation Company, Bishop Merger Sub, Inc., and Knight Transportation, Inc.</a>	<a href="#">Incorporated by reference to Exhibit 2.1 of Form 8-K filed on April 13, 2017</a>
<a href="#">2.2*</a>	<a href="#">Stock Purchase Agreement, dated as of July 5, 2021, by and among AAA Cooper Transportation, the Stockholders of AAA Cooper Transportation, Knight-Swift Transportation Holdings Inc., and Reid B. Dove, in his capacity as Sellers' Representative</a>	<a href="#">Incorporated by reference to Exhibit 2.2 of Form 10-Q for the quarter ended September 30, 2021</a>
<a href="#">3.1</a>	<a href="#">Fourth Amended and Restated Certificate of Incorporation of Knight-Swift Transportation Holdings Inc.</a>	<a href="#">Incorporated by reference to Exhibit 3.1 of Form 10-Q for the quarter ended June 30, 2020</a>
<a href="#">3.2</a>	<a href="#">Fourth Amended and Restated By-laws of Knight-Swift Transportation Holdings Inc.</a>	<a href="#">Incorporated by reference to Exhibit 3.1 of Form 8-K filed on February 9, 2022</a>
<a href="#">4.1</a>	<a href="#">Description of the Registrant's Securities</a>	<a href="#">Filed herewith</a>
<a href="#">10.1</a>	<a href="#">Credit Facility by and among, Knight-Swift Transportation Holdings Inc., the lenders thereto, Wells Fargo Bank, National Association as Administrative Agent, Swingline Lender and Issuing Lender, and Bank of America, N.A. and PNC Bank National Association as Co-Syndication Agents, dated September 29, 2017</a>	<a href="#">Incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended September 30, 2017</a>
<a href="#">10.2**</a>	<a href="#">Knight Transportation, Inc. 2012 Equity Compensation Plan</a>	<a href="#">Incorporated by reference to Appendix A to Knight's Definitive Proxy Statement on Schedule 14A filed April 6, 2012.</a>
<a href="#">10.3**</a>	<a href="#">Knight Transportation, Inc. Form of Stock Option Grant Agreement - Amended and Restated 2003 Stock Option and Equity Compensation Plan or 2012 Equity Compensation Plan</a>	<a href="#">Incorporated by reference to Exhibit 10.5 to Knight's Report on Form 10-K for the year ended December 31, 2012</a>
<a href="#">10.4**</a>	<a href="#">Knight Transportation, Inc. Amended and Restated 2015 Omnibus Incentive Plan</a>	<a href="#">Incorporated by reference to Exhibit 99.1 to Knight's Report on Form 8-K filed on April 29, 2015</a>
<a href="#">10.5**</a>	<a href="#">Knight Transportation, Inc. Amended and Restated 2003 Stock Option and Equity Compensation Plan</a>	<a href="#">Incorporated by reference to Appendix B of Knight's Definitive Proxy Statement on Schedule 14A filed April 10, 2009</a>
<a href="#">10.6**</a>	<a href="#">Swift Transportation Company 2007 Omnibus Incentive Plan, effective October 10, 2007, as amended and restated on December 15, 2010</a>	<a href="#">Incorporated by reference to Exhibit 10.5 of Form 10-K for the year ended December 31, 2010</a>
<a href="#">10.7**</a>	<a href="#">Swift Corporation Form of Option Award Notice – 2007 Omnibus Incentive Plan</a>	<a href="#">Incorporated by reference to Exhibit 10.6 to Form S-1 Registration Statement No. 333-168257 filed on July 22, 2010</a>
<a href="#">10.8**</a>	<a href="#">Swift Transportation Co., Inc. Retirement Plan, effective January 1, 1992, amended and restated on January 1, 2007</a>	<a href="#">Incorporated by reference to Exhibit 10.7 to Form S-1 Registration Statement No. 333-168257 filed on July 22, 2010</a>



**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**

<b>Exhibit Number</b>	<b>Description</b>	<b>Page or Method of Filing</b>
<a href="#">10.9**</a>	<a href="#">Swift Transportation Company Form of Option Award Notice - 2007 Omnibus Incentive Plan</a>	<a href="#">Incorporated by reference to Exhibit 10.2 of Form 8-K filed on February 28, 2013</a>
<a href="#">10.10**</a>	<a href="#">Swift Transportation Company Form of Restricted Stock Grant Award Notice - 2014 Omnibus Incentive Plan</a>	<a href="#">Incorporated by reference to Exhibit 10.13 of Form 10-K for the year ended December 31, 2015</a>
<a href="#">10.11**</a>	<a href="#">Swift Transportation Company Form of Restricted Stock Unit Award Notice - 2014 Omnibus Incentive Plan</a>	<a href="#">Incorporated by reference to Exhibit 10.14 of Form 10-K for the year ended December 31, 2015</a>
<a href="#">10.12**</a>	<a href="#">Swift Transportation Company Form of Non-Qualified Stock Option Award Notice - 2014 Omnibus Incentive Plan</a>	<a href="#">Incorporated by reference to Exhibit 10.15 of Form 10-K for the year ended December 31, 2015</a>
<a href="#">10.13**</a>	<a href="#">Swift Transportation Company Form of Performance Unit Award Notice - 2014 Omnibus Incentive Plan</a>	<a href="#">Incorporated by reference to Exhibit 10.16 of Form 10-K for the year ended December 31, 2015</a>
<a href="#">10.14</a>	<a href="#">Amended and Restated Receivables Purchase Agreement by and among Swift Receivables Company II, LLC, Swift Transportation Services, LLC, the various Conduit Purchasers from time to time party thereto, the various Related Committed Purchasers from time to time party thereto, the various Purchase Agents from time to time party thereto, the various LC Participants from time to time party thereto, and PNC Bank, National Association, as administrator and LC Bank, dated June 14, 2013</a>	<a href="#">Incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended June 30, 2013</a>
<a href="#">10.15</a>	<a href="#">First Amendment to Amended and Restated Receivables Purchase Agreement by and among Swift Receivables Company II, LLC, Swift Transportation Services, LLC, the various Conduit Purchasers party thereto, the various Related Committed Purchasers party thereto, the various Purchase Agents party thereto, the various LC Participants party thereto, and PNC Bank, National Association, as administrator and LC Bank, dated September 25, 2013</a>	<a href="#">Incorporated by reference to Exhibit 10.19 of Form 10-K for the year ended December 31, 2015</a>
<a href="#">10.16</a>	<a href="#">Second Amendment to Amended and Restated Receivables Purchase Agreement by and among Swift Receivables Company II, LLC, Swift Transportation Services, LLC, the various Conduit Purchasers party thereto, the various Related Committed Purchasers party thereto, the various Purchase Agents party thereto, the various LC Participants party thereto, and PNC Bank, National Association, as administrator and LC Bank, dated March 31, 2015</a>	<a href="#">Incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended March 31, 2015</a>
<a href="#">10.17</a>	<a href="#">Third Amendment to Amended and Restated Receivables Purchase Agreement by and among Swift Receivables Company II, LLC, Swift Transportation Services, LLC, the various Conduit Purchasers party thereto, the various Related Committed Purchasers party thereto, the various Purchase Agents party thereto, the various LC Participants party thereto, and PNC Bank, National Association, as administrator and LC Bank, dated December 10, 2015</a>	<a href="#">Incorporated by reference to Exhibit 10.18 of Form 10-K for the year ended December 31, 2015</a>
<a href="#">10.18**</a>	<a href="#">Swift Transportation Company Deferred Compensation Plan, as amended and restated</a>	<a href="#">Incorporated by reference to Exhibit 10.3 of Form 10-Q for the quarter ended March 31, 2016</a>
<a href="#">10.19**</a>	<a href="#">First Amendment to Swift Transportation Company Deferred Compensation Plan, as amended and restated</a>	<a href="#">Incorporated by reference to Exhibit 10.4 of Form 10-Q for the quarter ended March 31, 2016</a>
<a href="#">10.20**</a>	<a href="#">Second Amendment to Swift Transportation Company Deferred Compensation Plan, as amended and restated</a>	<a href="#">Incorporated by reference to Exhibit 10.25 of Form 10-K for the year ended December 31, 2018</a>
<a href="#">10.21**</a>	<a href="#">Third Amendment to Swift Transportation Company Deferred Compensation Plan, as amended and restated</a>	<a href="#">Incorporated by reference to Exhibit 10.26 of Form 10-K for the year ended December 31, 2018</a>

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**

<b>Exhibit Number</b>	<b>Description</b>	<b>Page or Method of Filing</b>
<a href="#">10.22</a>	<a href="#">Stockholders Agreement, dated as of April 9, 2017 among Swift Transportation Company, Jerry Moyes, Vickie Moyes, Jerry and Vickie Moyes Family Trust Dated 12/11/87, an Arizona grantor trust, LynDee Moyes Nester, Michael Moyes, and the Persons that may join from time to time</a>	<a href="#">Incorporated by reference to Exhibit 10.3 of Form 8-K filed on April 13, 2017</a>
<a href="#">10.23</a>	<a href="#">Stockholders Agreement, dated as of April 9, 2017, among Swift Transportation Company, Gary J. Knight, The Gary J. Knight Revocable Living Trust dated May 19, 1993, as amended, and the Persons that may join from time to time</a>	<a href="#">Incorporated by reference to Exhibit 10.4 of Form 8-K filed on April 13, 2017</a>
<a href="#">10.24</a>	<a href="#">Stockholders Agreement, dated as of April 9, 2017, among Swift Transportation Company, Kevin P. Knight, The Kevin and Sydney Knight Revocable Living Trust dated March 25, 1994, as amended, and the Persons that may join from time to time</a>	<a href="#">Incorporated by reference to Exhibit 10.5 of Form 8-K filed on April 13, 2017</a>
<a href="#">10.25</a>	<a href="#">Letter Agreement, dated as of April 9, 2017, by and between Swift Transportation Company and Jerry Moyes</a>	<a href="#">Incorporated by reference to Exhibit 10.6 of Form 8-K filed on April 13, 2017</a>
<a href="#">10.26**</a>	<a href="#">Swift Transportation Company Form of Restricted Stock Unit Award Notice (Executive) - 2014 Omnibus Incentive Plan</a>	<a href="#">Incorporated by reference to Exhibit 10.2 of Form 8-K filed on May 31, 2017</a>
<a href="#">10.27**</a>	<a href="#">Swift Transportation Company Form of Restricted Stock Unit Award Notice (Standard) - 2014 Omnibus Incentive Plan</a>	<a href="#">Incorporated by reference to Exhibit 10.3 of Form 8-K filed on May 31, 2017</a>
<a href="#">10.28**</a>	<a href="#">Knight-Swift Transportation Holdings Inc. Amended and Restated 2012 Employee Stock Purchase Plan</a>	<a href="#">Incorporated by reference to Exhibit 10.39 of Form 10-K for the year ended December 31, 2017</a>
<a href="#">10.29**</a>	<a href="#">Knight-Swift Transportation Holdings Inc. Second Amended and Restated 2014 Omnibus Incentive Plan</a>	<a href="#">Incorporated by reference to Appendix B of Definitive Proxy Statement on Schedule 14A filed on April 9, 2020</a>
<a href="#">10.30**</a>	<a href="#">Knight-Swift Transportation Holdings Inc. Form of Restricted Stock Unit Award Notice - 2014 Omnibus Incentive Plan</a>	<a href="#">Incorporated by reference to Exhibit 10.41 of Form 10-K for the year ended December 31, 2017</a>
<a href="#">10.31</a>	<a href="#">Third Omnibus Amendment and Consent, by and among the Originators party thereto, Knight-Swift Transportation Holdings Inc., as successor by merger with Swift Transportation Company, Swift Receivables Company II, LLC, Swift Transportation Services, LLC, the Conduit Purchasers party thereto, the Related Committed Purchasers party thereto, the Purchaser Agents party thereto, the LC Participants party thereto and PNC Bank, National Association, as LC Bank and as administrator</a>	<a href="#">Incorporated by reference to Exhibit 10.42 of Form 10-K for the year ended December 31, 2017</a>
<a href="#">10.32</a>	<a href="#">Fourth Amendment to Amended and Restated Receivables Purchase Agreement, by and among Swift Receivables Company II, LLC, Swift Transportation Services, LLC, the various Conduit Purchasers party thereto, the various Related Committed Purchasers party thereto, the various Purchase Agents party thereto, the various LC Participants party thereto, and PNC Bank, National Association, as administrator and LC Bank, dated July 11, 2018</a>	<a href="#">Incorporated by reference to Exhibit 10.38 of Form 10-K for the year ended December 31, 2018</a>
<a href="#">10.33**</a>	<a href="#">Form of RSU Award Notice 2018 (Share Settled)</a>	<a href="#">Incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended June 30, 2019</a>
<a href="#">10.34**</a>	<a href="#">Form of PU Award Notice 2018 (Share Settled)</a>	<a href="#">Incorporated by reference to Exhibit 10.2 of Form 10-Q for the quarter ended June 30, 2019</a>
<a href="#">10.35**</a>	<a href="#">Form of RSU Award Notice 2018 (Cash Settled)</a>	<a href="#">Incorporated by reference to Exhibit 10.3 of Form 10-Q for the quarter ended June 30, 2019</a>
<a href="#">10.36**</a>	<a href="#">Form of PU Award Notice 2018 (Cash Settled)</a>	<a href="#">Incorporated by reference to Exhibit 10.4 of Form 10-Q for the quarter ended June 30, 2019</a>

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**

<b>Exhibit Number</b>	<b>Description</b>	<b>Page or Method of Filing</b>
<a href="#">10.37**</a>	<a href="#">Form of RSU Award Notice 2019 (Share Settled)</a>	<a href="#">Incorporated by reference to Exhibit 10.42 of Form 10-K for the year ended December 31, 2019</a>
<a href="#">10.38**</a>	<a href="#">Form of Relative PU Award Notice 2019 (Share Settled)</a>	<a href="#">Incorporated by reference to Exhibit 10.43 of Form 10-K for the year ended December 31, 2019</a>
<a href="#">10.39**</a>	<a href="#">Form of Target PU Award Notice 2019 (Share Settled)</a>	<a href="#">Incorporated by reference to Exhibit 10.44 of Form 10-K for the year ended December 31, 2019</a>
<a href="#">10.40**</a>	<a href="#">Form of RSU Award Notice 2019 (Cash Settled)</a>	<a href="#">Incorporated by reference to Exhibit 10.45 of Form 10-K for the year ended December 31, 2019</a>
<a href="#">10.41**</a>	<a href="#">Form of Relative PU Award Notice 2019 (Cash Settled)</a>	<a href="#">Incorporated by reference to Exhibit 10.46 of Form 10-K for the year ended December 31, 2019</a>
<a href="#">10.42**</a>	<a href="#">Form of Target PU Award Notice 2019 (Cash Settled)</a>	<a href="#">Incorporated by reference to Exhibit 10.47 of Form 10-K for the year ended December 31, 2019</a>
<a href="#">10.43</a>	<a href="#">First Amendment to the Knight-Swift Transportation Holding Inc. Amended and Restated 2012 Employee Stock Purchase Plan</a>	<a href="#">Incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended March 31, 2020</a>
<a href="#">10.44**</a>	<a href="#">Form of RSU Award Notice 2020</a>	<a href="#">Incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended June 30, 2020</a>
<a href="#">10.45</a>	<a href="#">First Amendment to Credit Facility, dated October 2, 2020</a>	<a href="#">Incorporated by reference to Exhibit 10.45 of form 10-K for the year ended December 31, 2020</a>
<a href="#">10.46**</a>	<a href="#">Form of Target PU Award Notice 2020 (Share Settled)</a>	<a href="#">Incorporated by reference to Exhibit 10.46 of form 10-K for the year ended December 31, 2020</a>
<a href="#">10.47</a>	<a href="#">Fifth Amendment to Amended and Restated Receivables Purchase Agreement, by and among Swift Receivables Company II, LLC, Swift Transportation Services, LLC, the various Conduit Purchasers party thereto, the various Related Committed Purchasers party thereto, the various Purchase Agents party thereto, the various LC Participants party thereto, and PNC Bank, National Association, as administrator and LC Bank, dated April 23, 2021.</a>	<a href="#">Incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended June 30, 2021</a>
<a href="#">10.48*</a>	<a href="#">Credit Agreement, dated as of July 6, 2021, by and among Knight-Swift Transportation Holdings Inc. and Bank of America, N.A.</a>	<a href="#">Incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended September 30, 2021</a>
<a href="#">10.49*</a>	<a href="#">Credit Agreement, dated as of September 3, 2021, by and among Knight-Swift Transportation Holdings Inc., the lenders thereto, Bank of America, N.A., as Administrative Agent, Swingline Lender and Issuing Lender, and Wells Fargo Bank, National Association and PNC Bank National Association, as Co-Syndication Agents</a>	<a href="#">Incorporated by reference to Exhibit 10.2 of Form 10-Q for the quarter ended September 30, 2021</a>
<a href="#">21.1</a>	<a href="#">Subsidiaries of Knight-Swift Transportation Holdings Inc.</a>	<a href="#">Filed herewith</a>
<a href="#">23.1</a>	<a href="#">Consent of Grant Thornton LLP</a>	<a href="#">23.1</a>
<a href="#">31.1</a>	<a href="#">Certification pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, by David A. Jackson, the Company's Chief Executive Officer (principal executive officer)</a>	<a href="#">Filed herewith</a>

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**

Exhibit Number	Description	Page or Method of Filing
<a href="#">31.2</a>	<a href="#">Certification pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, by Adam W. Miller, the Company's Chief Financial Officer (principal financial officer)</a>	<a href="#">Filed herewith</a>
<a href="#">32.1</a>	<a href="#">Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by David A. Jackson, the Company's Chief Executive Officer</a>	<a href="#">Furnished herewith</a>
<a href="#">32.2</a>	<a href="#">Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Adam W. Miller, the Company's Chief Financial Officer</a>	<a href="#">Furnished herewith</a>
101.INS	Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	XBRL Taxonomy Calculation Linkbase Document	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Document	Filed herewith
101.LAB	XBRL Taxonomy Label Linkbase Document	Filed herewith
101.PRE	XBRL Taxonomy Presentation Linkbase Document	Filed herewith
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)	Filed herewith

\* Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish to the SEC a supplemental copy of any omitted schedule upon request by the SEC.

\*\* Management contract or compensatory plan, contract, or arrangement.

**ITEM 16. 10-K SUMMARY**

Not applicable.

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.****SIGNATURES**

Pursuant to the requirement 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.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

By: /s/ David A. Jackson

David A. Jackson

President and Chief Executive Officer

in his capacity as such and on behalf of the registrant

February 24, 2022

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

<u>Signature and Title</u>	<u>Date</u>	<u>Signature and Title</u>	<u>Date</u>
<u>/s/ David A. Jackson</u> David A. Jackson President, Chief Executive Officer, and Director (Principal Executive Officer)	February 24, 2022	<u>/s/ Michael Garnreiter</u> Michael Garnreiter Director	February 24, 2022
<u>/s/ Adam W. Miller</u> Adam W. Miller Chief Financial Officer (Principal Financial Officer)	February 24, 2022	<u>/s/ Robert Synowicki, Jr.</u> Robert Synowicki, Jr. Director	February 24, 2022
<u>/s/ Cary M. Flanagan</u> Cary M. Flanagan Chief Accounting Officer (Principal Accounting Officer)	February 24, 2022	<u>/s/ David Vander Ploeg</u> David Vander Ploeg Director	February 24, 2022
<u>/s/ Kevin P. Knight</u> Kevin P. Knight Executive Chairman	February 24, 2022	<u>/s/ Kathryn Munro</u> Kathryn Munro Director	February 24, 2022
<u>/s/ Gary J. Knight</u> Gary J. Knight Executive Vice Chairman	February 24, 2022	<u>/s/ Roberta Roberts Shank</u> Roberta Roberts Shank Director	February 24, 2022
<u>/s/ Reid B. Dove</u> Reid B. Dove Director	February 24, 2022	<u>/s/ Louis Hobson</u> Louis Hobson Director	February 24, 2022

**DESCRIPTION OF THE REGISTRANT'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

The following summary describes the common stock, par value \$0.01 per share (the Common Stock”), of Knight-Swift Transportation Holdings Inc. (the “Company,” “we,” “us” or “our”) which are the only securities of the Company registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

The summary of the general terms and provisions of our Common Stock set forth below does not purport to be complete and is subject to and qualified by reference to the Company’s Fourth Amended and Restated Certificate of Incorporation (the “Certificate”) and Third Amended and Restated By-laws (“By-laws”), as well as the Swift Stockholders Agreement (as defined below) and the Knight Stockholders Agreements (as defined below). For additional information, please read the Certificate, By-laws, the Swift Stockholders Agreement, the Knight Stockholders Agreements and the applicable provisions of the General Corporation Law of Delaware (the “DGCL”).

**Authorized Shares of Capital Stock**

Our Certificate authorizes us to issue 500,000,000 shares of Common Stock and 10,000,000 shares of preferred stock, each par value \$0.01 per share.

**Common Stock**

The holders of the Common Stock have and possess all rights pertaining to the capital stock of the Company, subject to the preferences, qualifications, limitations, voting rights and restrictions with respect to any one or more series of preferred stock of the Company that may be issued with any preference or priority over the Common Stock.

***Voting***

Except as may be provided for under the terms of any one or more series of preferred stock that may in the future be issued, the holders of our Common Stock have the sole power to vote for the election of directors and for all other purposes.

No holder of our Common Stock has the right to cumulate votes in the election of directors or for any other purpose.

***Dividends***

Except as otherwise provided by law or under the terms of any one or more series of preferred stock that may in the future be issued, the holders of our Common Stock are entitled to receive such dividends and other distributions in cash, stock or property of the Company as from time to time may be declared by our board of directors.

***Liquidation***

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, subject to the rights, if any, of the holders of any one or more series of preferred stock then outstanding, the holders of our Common Stock are entitled to share ratably according to the number of shares held by them in all assets of the Company available for distribution to its stockholders.

***Preemptive or Similar Rights***

No holder of our Common Stock has any preferential or preemptive rights.

**Takeover Defense*****Authorized Shares***

The authorized but unissued shares of our Common Stock and preferred stock are available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans.

Our board of directors has the sole authority to determine the terms of any one or more series of preferred stock, including voting rights, dividend rates, conversion and redemption rights and liquidation preferences.

***Classified Board of Directors***

Our classified board structure will be phased-out over a three-year period beginning at the 2021 Annual Meeting of Stockholders, as follows:

- The Class I directors whose terms expire at the 2021 Annual Meeting of Stockholders will continue to serve until the 2021 Annual Meeting of Stockholders and any director nominees at the 2021 Annual Meeting of Stockholders will stand for election to two-year terms expiring at the 2023 Annual Meeting of Stockholders;
- The Class II directors whose terms expire at the 2022 Annual Meeting of Stockholders will continue to serve until the 2022 Annual Meeting of Stockholders and any director nominees at the 2022 Annual Meeting will stand for election to one-year terms expiring at the 2023 Annual Meeting of Stockholders; and
- Beginning with the 2023 Annual Meeting of Stockholders, our board of directors will no longer be classified and all director nominees will stand for election annually.

***Director Removal***

Until the 2023 Annual Meeting of Stockholders, by virtue of our classified board structure, under the DGCL our directors can only be removed by stockholders for cause and then only by the affirmative vote of a majority in voting power of the issued and outstanding Common Stock, subject to the rights, if any, of the holders of any one or more series of preferred stock then outstanding. From and after the 2023 Annual Meeting of Stockholders, any director may be removed from office, with or without cause, by the affirmative vote of the holders of at least a majority in voting power of the issued and outstanding capital stock of the Company entitled to vote in the election of directors.

***Requirements for Advance Notification of Stockholder Nominations***

Our Certificate and By-laws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee of our board of directors.

***Stockholder Meetings***

Our Certificate and By-laws provide that special meetings of the stockholders may be called for any purpose or purposes at any time by a majority of our board of directors or by the Chairman of our board of directors, our Chief Executive Officer or our lead independent director, if any. In addition, our Certificate provides that a holder, or a group of holders, holding at least 20% of our outstanding Common Stock may cause the Company to call a special meeting of the stockholders for any purpose or purposes at any time subject to certain restrictions.

***Action by Stockholders Without a Meeting***

Our Certificate provides that any action required or permitted to be taken at a meeting of the stockholders of the Company may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the stockholders of the Company entitled to vote with respect to the subject matter thereof.

***No Cumulative Voting***

The DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our Certificate and By-Laws do not provide for cumulative voting in the election of directors.

***Exclusive Jurisdiction***

Our Certificate provides that the Delaware Court of Chancery is the exclusive forum for any derivative action or proceeding brought on behalf of the Company, any action asserting a claim of breach of fiduciary duty and any action asserting a claim pursuant to the DGCL, our Certificate or By-laws or under the internal affairs doctrine.



*Section 203*

We are subject to Section 203 of the DGCL, which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

- before such date, our board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of the holders of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines business combination to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits by or through the corporation.

In general, Section 203 defines an “interested stockholder” as an entity or person who, together with the person’s affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

A Delaware corporation may “opt out” of Section 203 with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or by-laws resulting from amendments approved by holders of at least a majority of the corporation’s outstanding voting shares. The Company has not elected to “opt out” of Section 203.

### ***Proxy Access Provision of Our By-laws***

Our By-Laws permit a stockholder, or a group of up to 20 stockholders, owning 3% or more of the Company’s outstanding Common Stock continuously for at least three years to nominate and include in the Company’s proxy materials director nominees not to exceed the greater of (i) 20% of our board of directors or (ii) two directors, provided that the stockholder(s) and the nominee(s) satisfy the procedural and eligibility requirements specified in our By-laws.

### ***Swift Stockholders Agreement***

On April 9, 2017, in connection with the execution of the merger agreement between Knight Transportation, Inc. and Swift Transportation Company (renamed Knight-Swift Transportation Holdings Inc. in the merger), Jerry Moyes, Vickie Moyes, the Jerry and Vickie Moyes Family Trust Dated 12/11/87, and two of Mr. and Mrs. Moyes’ adult children (collectively, the “Swift Supporting Stockholders”) and Swift Transportation Company entered into a stockholders agreements (the “Swift Stockholders Agreement”).

Pursuant to the terms of the Swift Stockholders Agreement, except as otherwise provided therein, in connection with each annual meeting of stockholders or other meeting of stockholders of the Company at which directors are elected occurring during the period of time between the effective time of the merger and the time that the Swift Supporting Stockholders collective beneficial ownership percentage of the Company (the “Moyes Percentage Interest”) first drops below 5% (the “Designation Period”) (i) Jerry Moyes (or his successor) shall have the right to designate for nomination by the board of directors for election as director(s) up to two individuals selected by Jerry Moyes (or his successor) and approved by the board of directors for election or appointment as a director (each, a “Qualified Designee”), such approval not to be unreasonably withheld or conditioned, (ii) the board of directors shall include any Qualified Designee(s) designated in accordance with clause (i) above in the slate of nominees nominated by the board of directors for election at such meeting and recommend that the Company’s stockholders vote in favor of the election of such Qualified Designee(s) at such meeting and (iii) the Company shall solicit from its stockholders eligible to vote for the election of directors proxies in favor of the election of such Qualified Designee(s) as directors. In accordance with the Swift Stockholders Agreement, one of the Qualified Designees must be independent (as defined in the Swift Stockholders Agreement). The number of Qualified Designees that Jerry Moyes has

the right to designate is reduced to one if the Swift Supporting Stockholders collective beneficial ownership percentage of the Company (the “Moyes Percentage Interest”) drops below 12.5%. In any event, the number of Qualified Designees that Jerry Moyes has the right to designate is reduced by the number of Qualified Designees already serving on the board with a term in office that extends beyond the applicable meeting.

In addition, without the prior written consent of the majority of the directors of the Company (excluding those directors designated by Jerry Moyes), during any period after the closing of the transaction in which the Moyes Percentage Interest is equal to or in excess of 5% (the “Moyes Restricted Period”), each Swift Supporting Stockholder shall not, and shall cause certain entities in which it holds the sole voting power (the “Specified Entities”) and its controlled affiliates and his, her or its or his, her or its controlled affiliates’ or the Specified Entities’ respective advisors, agents and representatives (in each case, acting on such Swift Supporting Stockholder’s or any such affiliate’s or Specified Entity’s behalf) not to, directly or indirectly (including by means of any derivative instrument, through one or more intermediaries or otherwise), acquire, agree to acquire, or make a proposal to acquire beneficial ownership of any outstanding shares of capital stock of the Company having the right to vote generally in the election of directors of the Company if, after giving effect to such acquisition, the Moyes Percentage Interest would exceed by more than two percentage points the Moyes Percentage Interest as of immediately after the effective time of the merger; provided that the foregoing does not prohibit the receipt by any Swift Supporting Stockholder of a grant of equity securities issued to him or her by the Company in his or her capacity as an officer, director or employee of the Company.

Further, the Swift Supporting Stockholders agree that, during the Restricted Period, without the prior written consent of the majority of the directors of the Company (excluding those directors designated by Jerry Moyes), each Swift Supporting Stockholder shall not, and shall cause his, her or its controlled affiliates and the Specified Entities and his, her or its or his, her or its controlled affiliates’ and the Specified Entities’ respective advisors, agents and representatives (in each case, acting on such Swift Supporting Stockholder’s or any such affiliate’s or Specified Entity’s behalf):

- seek, make or take any action to solicit, initiate or knowingly encourage, any offer or proposal for, or any indication of interest in, a merger, consolidation, tender or exchange offer, sale or purchase of assets or securities or other business combination or any dissolution, liquidation, restructuring, recapitalization or similar transaction in each case involving the Company or any of its subsidiaries or the acquisition of any equity interest in, or a substantial portion of the assets of the Company or any of its subsidiaries (other than an acquisition of beneficial ownership permitted by the Swift Stockholders Agreement);
- form or join or in any way participate in a “group” as defined in Section 13(d)(3) of the Exchange Act with respect to any outstanding shares of capital stock of the Company having the right to vote generally in the election of directors of the

Company (other than a group composed solely of Swift Supporting Stockholders or any Specified Entities);

- make, or direct any person to make or in any way participate in (including announcing its intention to vote with any person), or direct anyone to participate in, directly or indirectly, any “solicitation” of “proxies” to vote (as such terms are used in the rules of the SEC) any outstanding shares of capital stock of the Company having the right to vote generally in the election of directors of the Company or to take stockholder action by written consent, except as expressly contemplated in Section 2.01 of the Swift Stockholders Agreement;
- call or request the calling of a meeting of the Company’s stockholders, submit any proposal for action by the stockholders of the Company, request the removal of any member of the board of directors or nominate candidates for election to the board of directors;
- make a claim or otherwise commence litigation against the Company or any of its subsidiaries or any of their respective directors, officers or employees (provided that the foregoing shall not prohibit a Swift Supporting Stockholder or any of its, his or her affiliates from making a claim or otherwise commencing litigation against the Company or any of its subsidiaries to enforce rights (i) under legally binding contracts it, he or she has entered with the Company or any of its subsidiaries or (ii) relating to indemnification by the Company or any of its subsidiaries pursuant to their articles of incorporation, certificate of incorporation, bylaws or similar governing document);
- make any public statement that disparages the Company or any of its subsidiaries or any of their respective directors, officers, employees or businesses;
- publicly disclose any intention, plan or arrangement inconsistent with the foregoing or make any public statement or disclosure regarding any of the matters set forth in Article III of the Swift Stockholders Agreement; or
- publicly request, propose or otherwise seek an amendment or waiver of the provisions of Article III of the Swift Stockholders Agreement.

Also, the Swift Supporting Stockholders agree that, during the Moyes Restricted Period, any transfer by any Swift Supporting Stockholder or Specified Entity of outstanding shares of capital stock of the Company having the right to vote generally in the election of directors of the Company shall be subject to the following limitations:

- no such shares may be transferred to any person or “group” as defined in Section 13(d)(3) of the Exchange Act, if, after giving effect to such transfer such person or “group” as defined in Section 13(d)(3) of the Exchange Act would, to the knowledge of any Swift Supporting Stockholder, beneficially own, or have the

right to acquire, 7% or more of the voting power of the Company, unless such transfer is to any member of the family of a Swift Supporting Stockholder, but only if such family member agrees to be bound by the terms of the applicable Swift Stockholders Agreement as a stockholder and execute a joinder reasonably satisfactory to the Company at the time of such transfer;

- no such shares may be transferred to any competitor of the Company or any of its subsidiaries (as reasonably determined by the Company); and
- if such transfer is an open market sale, such transfer shall be made in accordance with the volume and manner of sale restrictions under Paragraphs (e)(1) and (f) of Rule 144 under the Securities Act (regardless of whether the volume and manner of sale restrictions therein are otherwise applicable).

The foregoing restrictions on transfer do not apply to (i) sales under the registration rights agreement between Jerry Moyes, Swift Transportation Company, and the other parties thereto dated December 21, 2010, (ii) transfers pursuant to any offer or transaction approved or recommended by a majority of the directors of the Company (excluding those directors designated by Jerry Moyes) or (iii) certain continuations, renewals or replacements of specified hedging and pledging transactions.

In particular, so long as Jerry Moyes is a director of the Company or is otherwise subject to any trading or pledging policy, he will be permitted to (i) maintain existing hedging and pledging arrangements and (ii) to the extent necessary to continue, renew or replace any such agreement, hedge or pledge additional shares in accordance with the terms of such continuation, renewal or replacement agreements so long as the aggregate shares covered by such continuation, renewal or replacement agreement do not exceed the number of shares necessary to continue, renew or replace the existing agreements. Accordingly, as part of these additional transactions, Jerry Moyes may re-allocate pledged or hedged shares among different types or arrangements, such as loans or variable prepaid forward contracts, may enter into alternative hedging and pledging arrangements and may increase the aggregate number of shares subject to these arrangements.

In addition, pursuant to the terms of the Swift Stockholders Agreement, at any meeting of the stockholders of the Company and in connection with any proposed action by the stockholders of the Company, in each case where the record date therefor occurs during the Restricted Period (other than with respect to any stockholder vote taken to approve a sale of the Company), (i) each Swift Supporting Stockholder shall, and shall cause the Specified Entities to, with respect to each such meeting of stockholders of the Company, attend in person or by proxy with respect to all outstanding shares of capital stock of the Company having the right to vote generally in the election of directors of the Company over which such Swift Supporting Stockholder, or any Specified Entity, has voting power for purposes of establishing a quorum, (ii) each Swift Supporting Stockholder shall, and shall cause the Specified Entities to, vote or cause to be voted, or otherwise act or cause an action to be taken with respect to, all such Swift Supporting Stockholder's Excess Shares (as defined below), if any, in the manner determined by the voting

committee (initially consisting of Jerry Moyes, Kevin Knight and Gary Knight, with each committee member entitled to appoint his respective successor, subject to the approval of certain directors of the Company), so long as the voting committee's determination is communicated to such Swift Supporting Stockholder at least three (3) business days prior to the applicable meeting or the last day for the taking of the proposed action and (iii) each Swift Supporting Stockholder may vote or otherwise act or cause to be voted or for action to be taken with respect to, all of such Swift Supporting Stockholder's voting power (other than the voting power represented by the Excess Shares) in such Swift Supporting Stockholder's discretion. If as of the record date with respect to any meeting of stockholders or other proposed action by stockholders, the Moyes Percentage Interest exceeds 12.5%, the "Excess Shares" of each Swift Supporting Stockholder and Specified Entity shall be, with respect to such meeting or other proposed action, a number of outstanding shares of capital stock of the Company having the right to vote generally in the election of directors of the Company equal to the product of (i) the number of outstanding shares of capital stock of the Company having the right to vote generally in the election of directors of the Company then beneficially owned by such Swift Supporting Stockholder or Specified Entity, as applicable, and (ii) a fraction the numerator of which shall be the amount by which the Moyes Percentage Interest exceeds 12.5% and the denominator of which shall be the Moyes Percentage Interest; if as of the record date with respect to any meeting of stockholders or other proposed action by stockholders, the Moyes Percentage Interest is equal to or less than 12.5%, the "Excess Shares" shall be zero for all Swift Supporting Stockholders and Specified Entities.

Under the Swift Stockholders Agreement, the Company is required to promptly take any action reasonably requested by any Swift Supporting Stockholder to waive any "corporate opportunity" or similar right or interest of the Company with respect to, and to waive any conflict of interest arising from, such Swift Supporting Stockholder's relationship with Central Freight Lines, Inc.

### ***Knight Stockholders Agreements***

On April 9, 2017, in connection with the execution of the merger agreement between Knight Transportation, Inc. and Swift Transportation Company (renamed Knight-Swift Transportation Holdings Inc. in the merger), Kevin P. Knight and The Kevin and Sydney Knight Revocable Living Trust dated March 25, 1994, as amended (together, the "Kevin Knight Supporting Stockholders"), Gary J. Knight and The Gary J. Knight Revocable Living Trust dated May 19, 1993, as amended (together, the "Gary Knight Supporting Stockholders" and collectively with the Kevin Knight Supporting Stockholders, the "Knight Supporting Stockholders") and Swift Transportation Company entered into stockholders agreements (together, the "Knight Stockholders Agreements").

Pursuant to the terms of the Knight Stockholders Agreements, each of the Gary Knight Supporting Stockholders and the Kevin Knight Supporting Stockholders agrees that, during any period after the completion of the merger in which either the Gary Knight Supporting Stockholders or the Kevin Knight Supporting Stockholders own a percentage interest of the outstanding Company shares equal to or in excess of 5% (referred to as the "Restricted Period"), the Gary Knight Supporting Stockholders or the Kevin Knight Supporting Stockholders, as

applicable, shall not, and shall cause their controlled affiliates and their controlled affiliates' respective advisors, agents and representatives (in each case, acting on such stockholder's or any such affiliate's behalf) not to, directly or indirectly (including by means of any derivative instrument, through one or more intermediaries or otherwise), acquire, agree to acquire, or make a proposal to acquire beneficial ownership of any outstanding shares of capital stock of the Company having the right to vote generally in the election of directors of the Company if, after giving effect to such acquisition, the Gary Knight Supporting Stockholders or the Kevin Knight Supporting Stockholders, as applicable, would hold a percentage interest of the outstanding Company shares that would exceed fifteen percent (15%); provided that the foregoing shall not prohibit the receipt by any Knight Supporting Stockholder of a grant of equity securities issued to him or her by the Company in his or her capacity as an officer, director or employee of the Company or any of its subsidiaries.

In addition, the Knight Supporting Stockholders agree that, during the Restricted Period, without the prior approval of the board of directors of the Company, each Knight Supporting Stockholder shall not, and shall cause his, her or its controlled affiliates and his, her or its or his, her or its controlled affiliates' respective advisors, agents and representatives (in each case, acting on such Knight Supporting Stockholder's or any such affiliate's behalf):

- seek, make or take any action to solicit, initiate or knowingly encourage, any offer or proposal for, or any indication of interest in, a merger, consolidation, tender or exchange offer, sale or purchase of assets or securities or other business combination or any dissolution, liquidation, restructuring, recapitalization or similar transaction in each case involving the Company or any of its subsidiaries or the acquisition of any equity interest in, or a substantial portion of the assets of the Company or any of its subsidiaries (other than an acquisition of beneficial ownership permitted by the Knight Stockholders Agreements);
- form or join or in any way participate in a "group" as defined in Section 13(d)(3) of the Exchange Act with respect to any outstanding shares of capital stock of the Company having the right to vote generally in the election of directors of the Company;
- make, or direct any person to make or in any way participate in (including announcing its intention to vote with any person), or direct anyone to participate in, directly or indirectly, any "solicitation" of "proxies" to vote (as such terms are used in the rules of the SEC) any outstanding shares of capital stock of the Company having the right to vote generally in the election of directors of the Company or to take stockholder action by written consent;
- call or request the calling of a meeting of the Company's stockholders, submit any proposal for action by the stockholders of the Company, request the removal of any member of the board of directors or nominate candidates for election to the board of directors;

- make a claim or otherwise commence litigation against the Company or any of its subsidiaries or any of their respective directors, officers or employees (provided that the foregoing shall not prohibit a Knight Supporting Stockholder or any of its, his or her affiliates from making a claim or otherwise commencing litigation against the Company or any of its subsidiaries to enforce rights (i) under legally binding contracts it, he or she has entered with the Company or any of its subsidiaries or (ii) relating to indemnification by the Company or any of its subsidiaries pursuant to their articles of incorporation, certificate of incorporation, bylaws or similar governing document);
- make any public statement that disparages the Company or any of its subsidiaries or any of their respective directors, officers, employees or businesses;
- publicly disclose any intention, plan or arrangement inconsistent with the foregoing or make any public statement or disclosure regarding any of the matters set forth in Article II of the Knight Stockholders Agreements; or
- publicly request, propose or otherwise seek an amendment or waiver of the provisions of Article II of the Knight Stockholders Agreements.

Also, the Knight Supporting Stockholders agree that, during the Restricted Period, any transfer by any Knight Supporting Stockholder of outstanding shares of capital stock of the Company having the right to vote generally in the election of directors of the Company shall be subject to the following limitations:

- no such shares may be transferred, to any person or “group” as defined in Section 13(d)(3) of the Exchange Act, if, after giving effect to such transfer such person or “group” as defined in Section 13(d)(3) of the Exchange Act would, to the knowledge of any Knight Supporting Stockholder, beneficially own, or have the right to acquire, 7% or more of the voting power of the Company, unless such transfer is to any member of the family of a Knight Supporting Stockholder, but only if such family member agrees to be bound by the terms of the applicable Knight Stockholders Agreement as a stockholder and execute a joinder reasonably satisfactory to the Company at the time of such transfer;
- no such shares may be transferred to any competitor of the Company or any of its subsidiaries (as reasonably determined by the Company); and
- if such transfer is an open market sale, such transfer shall be made in accordance with the volume and manner of sale restrictions under Paragraphs (e)(1) and (f) of Rule 144 under the Securities Act (regardless of whether the volume and manner of sale restrictions therein are otherwise applicable).

#### **Other Matters**



***Number of Directors***

Our Certificate and By-Laws provide that the size of our board of directors may be determined from time to time by resolution of our board of directors. Subject to the terms of any or more series of preferred stock that may in the future be issued, any vacancy on our board of directors that results from an increase in the number of directors may be filled by a majority of our board of directors then in office, provided that a quorum is present, and any other vacancy occurring on our board of directors may be filled by a majority of our board of directors then in office, even if less than a quorum, or by a sole remaining director.

***Limitation on Director's Liability***

Our Certificate provides that, to the fullest extent permitted by Delaware law, we will indemnify and advance expenses of any director or officer who is made or threatened to be made a party to any proceeding by reason of the fact that he or she is or was a director or officer of the Company. In addition, no director or officer of the Company is liable to the Company or our stockholders for monetary damages with respect to any transaction, occurrence or course of conduct, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. Furthermore, the Certificate provides that the Company has the power to purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director, officer, employee or agent of the Company against any liability asserted against him or her and incurred by him or her or on his or her behalf in such capacity, or arising out of his or her status as such, whether or not the Company would have the power to indemnify him or her against such liability.

***Listing***

Our Common Stock is listed on the New York Stock Exchange under the trading symbol "KNX."

**SUBSIDIARIES OF KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.**

1. Swift Transportation Co., LLC, a Delaware limited liability company
2. Swift Transportation Co. of Arizona, LLC, a Delaware limited liability company
3. Swift Leasing Co., LLC, a Delaware limited liability company
4. Sparks Finance, LLC, a Delaware limited liability company
5. Interstate Equipment Leasing, LLC, a Delaware limited liability company
6. Common Market Equipment, LLC, a Delaware limited liability company
7. Swift Transportation Co. of Virginia, LLC, a Delaware limited liability company
8. Swift Transportation Services, LLC, a Delaware limited liability company
9. M.S. Carriers, LLC, a Delaware limited liability company
10. Swift Logistics, S.A. de C.V., a Mexican corporation
11. Trans-Mex, Inc., S.A. de C.V., a Mexican corporation
12. Mohave Transportation Insurance Co., Inc., an Arizona corporation
13. Swift Intermodal, LLC, a Delaware limited liability company
14. Swift International S.A. de C.V. Inc., a Mexican corporation
15. TMX Administración, S.A. de C.V. Inc., a Mexican corporation
16. Swift Receivables Company II, LLC, a Delaware limited liability company
17. Red Rock Risk Retention Group, Inc., an Arizona corporation
18. Swift Academy LLC, a Delaware limited liability company
19. Swift Services Holdings, Inc., a Delaware corporation
20. Swift Logistics, LLC, a Delaware limited liability company
21. Central Refrigerated Transportation, LLC, a Delaware limited liability company
22. Swift Refrigerated Service, LLC, a Delaware limited liability company
23. Central Leasing, LLC, a Delaware limited liability company
24. Swift Warehousing, LLC, a Delaware limited liability company
25. Swift Freight Forwarding, LLC, a Delaware limited liability company
26. National Tractor Trailer School, Inc., a New York corporation
27. CDL Career Financing, LLC, a Delaware limited liability company
28. UTXL, Inc., a Missouri corporation
29. Iron Insurance Services LLC, a Delaware limited liability company
30. Knight Refrigerated, LLC, an Arizona limited liability company
31. Knight Logistics LLC, an Arizona limited liability company
32. Knight Transportation Services, Inc., an Arizona corporation
33. Knight Truck & Trailer Sales, LLC, an Arizona limited liability company
34. Quad K, LLC, an Arizona limited liability company
35. Iron Maintenance LLC, an Arizona limited liability company
36. Squire Transportation, LLC, an Arizona limited liability company
37. Knight Capital Growth, LLC, an Arizona limited liability company
38. Knight Port Services, LLC, an Arizona limited liability company
39. Kold Trans LLC, an Arizona limited liability company
40. Barr-Nunn Transportation LLC., an Iowa limited liability company
41. Barr-Nunn Logistics, Inc., an Iowa corporation
42. Sturgeon Equipment, Inc., an Iowa corporation
43. Knight Transportation, Inc., an Arizona corporation (Knight's former parent)
44. Knight Air LLC, an Arizona limited liability company
45. Knight 101 LLC, an Arizona limited liability company
46. Strehl, LLC, an Arizona limited liability company
47. Abilene Motor Express, LLC., a Virginia limited liability company
48. AMX Leasing & Logistics, LLC, a Virginia limited liability company
49. AT Services, LLC, a Virginia limited liability company
50. Eleos Technologies LLC, a Virginia limited liability company
51. AAA Cooper Transportation, a South Carolina corporation
52. Spring Creek Leasing LLC, an Alabama limited liability company
53. MME, Inc., a Delaware corporation
54. Midwest Motor Express, Inc. a North Dakota corporation
55. Midnite Express Inc., a North Dakota corporation

Pursuant to Item 601(b)(21)(ii) of Regulation S-K, the names of other subsidiaries of Knight-Swift Transportation Holdings Inc. are omitted because, considered in the aggregate, they would not constitute a significant subsidiary as of the end of the year covered by this report.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We have issued our reports dated February 24, 2022, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of Knight-Swift Transportation Holdings Inc. on Form 10-K for the year ended December 31, 2021. We consent to the incorporation by reference of said reports in the Registration Statements of Knight-Swift Transportation Holdings Inc. on Forms S-8 (File No. 333-238497; File No. 333-220439; File No. 333-196184, as amended; and File No. 333-181201) and Form S-4 (File No. 333-218196, as amended).

/s/ GRANT THORNTON LLP

Phoenix, Arizona  
February 24, 2022

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

I, David A. Jackson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Knight-Swift Transportation Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2022

*/s/ David A. Jackson*

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David A. Jackson  
Chief Executive Officer

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

I, Adam W Miller, certify that:

1. I have reviewed this Annual Report on Form 10-K of Knight-Swift Transportation Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2022

*/s/ Adam W. Miller*

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Adam W. Miller  
Chief Financial Officer

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

In connection with the Annual Report on Form 10-K of Knight-Swift Transportation Holdings Inc. (the "Company") for the year ending December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, the undersigned, certify, to the best of our knowledge, that:

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

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.,

a Delaware corporation

By: /s/ David A. Jackson

David A Jackson  
President and Chief Executive Officer

February 24, 2022

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

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

In connection with the Annual Report on Form 10-K of Knight-Swift Transportation Holdings Inc. (the "Company") for the year ending December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, the undersigned, certify, to the best of our knowledge, that:

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

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.,

a Delaware corporation

By: /s/ Adam W. Miller

Adam W. Miller  
Chief Financial Officer

February 24, 2022

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