Proficient Auto Logistics (Q3)
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Corporate Speakers

- Bradley Wright; Proficient Auto Logistics, Inc.; Chief Financial Officer
- Richard O'Dell; Proficient Auto Logistics, Inc.; Chairman & Chief Executive Officer
- Amy Rice; Proficient Auto Logistics, Inc.; President & Chief Operating Officer

Participants

- Patrick Brown; Raymond James & Associates, Inc.; Analyst
- Bruce Chan; Stifel, Nicolaus & Company, Incorporated; Analyst

PRESENTATION

Operator^ Good day, and thank you for standing by. Welcome to the Proficient Auto Logistics' Third Quarter Financial Information Conference Call. (Operator Instructions)

Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Brad Wright, Chief Financial Officer. Please go ahead.

Bradley Wright^ Good afternoon, everyone. I'm Brad Wright, Chief Financial Officer of Proficient Auto Logistics. Thank you for joining us for Proficient's Third Quarter 2026 Earnings Call.

Earlier this afternoon, we issued our earnings release detailing our third quarter 2026 financial results. It will be found under the Investor Relations section of our website at proficientautologistics.com.

Our 10-Q, when filed, will also be found under the Investor Relations section of our website and an updated investor deck is being posted and available under the Investor Relations section as well.

During this call, we will be discussing certain forward-looking information. This information is based on our current expectations and is not a guarantee of future performance. I encourage you to review the cautionary statement in our earnings release describing factors that could cause actual results to differ from those expressed by our forward-looking statements. Further information can be found in our SEC filings.

During this call, we may also refer to non-GAAP measures that include adjusted operating income, adjusted operating ratio, EBITDA and adjusted EBITDA. Please refer to the portions of our earnings release that provide an explanation of how we compute these non-GAAP financial

measures and a reconciliation of those profitability measures to the most comparable GAAP measures.

Joining me on today's call are Rick O'Dell, Proficient's Chairman and Chief Executive Officer; and Amy Rice, our President and Chief Operating Officer, who will provide a company update as well as an overview for the company's combined results in the third quarter of 2026. After our prepared remarks, we will open the call to questions.

(Operator Instructions) Now, I would like to introduce Rick O'Dell for opening comments.

Richard O'Dell^ Thank you, Brad, and good afternoon, everyone.

I want to take a moment to honor the life of Louie Adkins, a co-founder of Hansen & Adkins and an invaluable adviser throughout the combination of our two companies, who passed away late last month. Louie dedicated more than 60 years to the auto haul industry and leaves a wonderful and lasting legacy that we're proud to carry forward.

I also want to thank the Proficient team, our drivers, owner operators and third-party carrier partners for their work and contributions during the quarter. Their efforts were especially important as we continue to bring the Hansen & Adkins businesses into the Proficient platform and continue our progress to deliver long-term profitable growth and shareholder value. We've made terrific progress on early integration, and we look forward to discussing that in more detail.

The third quarter reflected a combination of stable underlying demand and continued cost and capacity pressures. Higher fuel, driver and maintenance costs, together with lagging fuel recovery and contractual pricing that has not caught up to the current market conditions, weighed on margins, while industry-wide driver and carrier constraints limited our ability to fully capture available demand.

At the same time, those capacity constraints are contributing to a more favorable pricing environment and we're taking decisive actions to improve profitability through pricing and fuel recovery, disciplined capacity deployment, tighter cost management and the integration of Hansen & Adkins.

While the benefits of these actions are not yet fully reflected in our results, the progress underway provides a clear path to stronger margins and cash generation as we look towards 2027.

First, underlying vehicle production and demand for Proficient's services remain healthy. At the same time, regulatory tightening and strengthening of economics in general trucking have tightened driver and carrier capacity in auto haul, limiting our ability to capture additional volume. Much of our business operates under long-term contracts negotiated when operating costs were lower and capacity was more readily available.

As a result, current pricing and fuel recovery have not kept pace with the higher costs that we are experiencing. The tighter capacity environment is creating an opportunity to improve pricing as

contracts renew and forcing us to address certain contracts earlier than renewal to better align rates with the current market conditions. We are taking decisive action to improve profitability and position the business for stronger performance.

First, we're actively engaging our OEM customers to address the increased fuel cost burden and the lag in surcharge recovery. Six customers have made adjustments in recent months to improve cost coverage or reduce recovery delays, though some are temporary and have not been sufficient to offset the material impact on margins.

Next, we are pursuing pricing that supports sustainable returns and taking action where contract economics remain inadequate. On roughly $25 million of contract business that's been renewed since September 1 and forward, weighted average pricing increases are just over 10%.

Finally, we're aligning the portfolio to deploy available capacity on business that supports acceptable returns, improving company fleet utilization and tightening our cost controls. The integration of Hansen & Adkins represents another meaningful near-term opportunity to improve earnings and drive growth over the long term. The combination expands our fleet and driver base, increases our market share and strengthens our ability to serve customers through a broader, denser network.

Over the first 90 days of ownership, we made significant progress on integration while maintaining continuity across the business. Day-to-day operations have continued without disruption and our core customer, employee and operating processes are running smoothly. Our team is executing 11 integration work streams to capture the value and benefits contemplated in the transaction, and we remain on track to substantially complete the integration by the end of the first quarter of 2027.

At the same time, we're increasingly operating and presenting ourselves as one organization to our customers and the market as we accelerate the next phase of integration. Importantly, our combined scale is already beginning to translate into tangible operating efficiencies and cost savings.

Let me give you a few examples of what that looks like in practice.

We're increasingly moving freight across the combined Proficient, Hansen & Adkins network, which is helping us reduce empty miles, increase utilization, improve service for customers and capture incremental freight with shared capacity. We're seeing as many as 900 units per day move on a sister haul basis between Proficient operating companies and Hansen & Adkins, up from roughly this count on a weekly basis at the beginning of September, and it's continuing to grow.

The identification of these opportunities is accelerating with integration of operating territories and in addition to efficiency and service benefits is capturing incremental revenue on a run rate of greater than $0.5 million a month as we enter the fourth quarter.

We're also opening our maintenance network across both fleets giving Proficient and Hansen & Adkins access to 20 combined shop locations, helping reduce out-of-service time. Common fleet and maintenance system is now live across both companies, and we've already rolled out uniform preventive maintenance and safety inspection schedules across all fleets and shop locations.

We're leveraging our combined scale across insurance, fuel and other purchasing programs. For example, we've improved fuel discounts with each of the respective providers while expanding in-network fueling access for all drivers.

We're beginning to consolidate insurance programs, resulting in modest near-term savings, increased coverage limits and a multiyear path of enhanced risk mitigation and better-than-market pricing. We're pursuing additional savings opportunities across the business.

These are early examples of the value we can unlock from the combination. Through our integration work, we've now identified a total synergy opportunity of $20 million to $30 million, substantially above the $6 million to $10 million we've communicated at the announcement. We expect to achieve the high end of that initial range by year-end, sourcing primarily from headcount realignment and procurement savings, which will provide a full year benefit in 2027.

We see an additional $5 million to $10 million of synergy opportunity in the year 2027 across resource and portfolio optimization, real estate, insurance and other SG&A spend consolidation.

As integration initiatives mature over '28 and '29, we expect a further $5 million to $10 million from additional optimization and automation benefits and the stronger value proposition that we now present in the market.

While we believe the market is becoming more favorable, the benefits of our pricing actions and integration work are just beginning to flow into our results and the acceleration of these activities and commensurate results will begin to emerge more meaningfully in 4Q and especially into 2027. We're focused on the levers that we can control, including pricing, improved fuel recovery, integration savings, disciplined cost management and a more productive use of our network.

At the same time, we've built a stronger overall platform to capitalize on improving market conditions with an expanded company-owned fleet, a stronger carrier value proposition, broader geographic coverage and a greater network density. These capabilities improve nimbleness to serve our customers reliably while remaining disciplined in the freight that we pursue and ensuring our capacity generates a reasonable return to support long-term investment and generating value for our shareholders.

It will take time for these actions to fully translate into our results, but we believe they provide a clear path to improve margins, cash generation and profitability through 2027 and 2028.

With that, I'll turn it back to Brad to review our financial results for the quarter.

Bradley Wright^ Thank you, Rick. Our third quarter results reflect continued pressure from historically high fuel costs that were not adequately recovered through customer surcharge

programs despite progress on pricing and integration. The quarter also includes an initial contribution from Hansen & Adkins.

However, as a reminder, third quarter results only include roughly half the quarter following the August 13 transaction close, whereas future quarters will reflect the full results contributed by Hansen & Adkins.

For the third quarter of 2026, we will share some metrics that size the partial quarter impact of Hansen & Adkins. However, going forward, we will report only on a consolidated basis as the portfolios become increasingly integrated. Hansen & Adkins, including the MCL McGill Canadian business, contributed roughly $51 million of revenue in the third quarter.

On a combined basis, consolidated third quarter revenue was $149 million, up 30.3% year-over-year, though comparable revenue from the Proficient business was down 15.7%, reflecting both reduced capacity and certain plant and port traffic sluggishness in the portfolio during the quarter.

Hansen & Adkins units delivered during the third quarter totaled 320,011 and consolidated total units delivered totaled 839,036, up 38.6% year-over-year, although comparable Proficient volume was down 14.3%. Hansen & Adkins revenue per unit, excluding fuel, was $139.

While consolidated revenue per unit excluding fuel was $155, an important note on revenue per unit. Hansen & Adkins, whose average haul is approximately 130 miles, compares to an average length of haul of 150 miles for the remainder of Proficient's portfolio.

Total revenue per vehicle tends to correlate with distance and the impact of Hansen's addition to the portfolio reduced ARPU in the quarter. We expect a further customer mix impact in Q4 as Hansen & Adkins contributes for a full quarter. This should not be interpreted as declining pricing on comparable freight, where we expect rates to improve.

Adjusted EBITDA for the third quarter was $7.9 million compared to $11.9 million in the third quarter of last year, reflecting the significant negative impact from fuel under-recovery and timing lag. Equipment CapEx remained comparatively light during the quarter with outlays totaling less than $5 million and concentrated in the Hansen & Adkins fleet and a continuation of their scheduled refreshing of the fleet that has been underway since midway through 2025.

Expenditures for the remainder of this year are also expected to be approximately $5 million based on scheduled delivery of committed purchases. Concurrently, equipment sales across both operating companies are bringing down the number of older vintage underutilized units at a time where driver numbers don't justify holding on to excess equipment.

Assuming limited increase in SAAR in the coming year, we are projecting approximately $20 million in CapEx during 2027 for the full company, a level that will maintain our average fleet age within our target range and allow for continued sales of aging units.

As we described back in August, the acquisition of Hansen & Adkins came with a significant recasting of our debt stack. We issued $75 million in face amount of convertible notes with a 5.5% coupon and a seven-year term. These longer-dated notes give the company a runway to execute on the strategic rationale of our recent combination without the significant dilution that would have accompanied a secondary issuance of additional common shares.

At maturity, the company will have the option to extinguish this debt using cash, equity shares or some combination of the two, which provides for significant flexibility to optimize shareholder value based on the circumstances at that time.

We also consolidated the vast majority of our equipment financing under one syndicated line that will provide up to $120 million of total capacity. There was approximately $100 million utilized on that line at the end of the third quarter. Another $12 million of equipment financing predominantly with legacy lenders to the McGill Canadian business was outstanding at quarter end.

Lastly, we are in the final stages of consolidating our operating lines of credit across the two companies. This line will eliminate the former term debt facility and related line of credit held by the legacy Proficient business and will provide up to $75 million based on a borrowing base heavily dependent on the level of customer receivables.

On September 30, senior secured debt balances totaled approximately $140 million and the convertible notes bring gross debt to approximately $213 million.

Cash balances were roughly $12 million at the end of the quarter, bringing net debt to just over $200 million.

With trailing pro forma EBITDA at just under $50 million, net leverage was approximately 4x. This is a level that we expect to bring down quickly through prioritization of excess cash flow applied to the operating line in addition to scheduled equipment line amortization of approximately $8 million per quarter.

Our base plan for 2027 is expected to generate cash flow for debt reduction, coupled with a rebounding EBITDA that brings net leverage below 3x by the end of Q3 and gross leverage below 3x by end of the year.

There were 28 million shares of common equity outstanding at the end of the quarter. Repurchases under our authorized repurchase plan totaled 98,801 shares at an average price of $5.56. Total shares repurchased under the plan since inception in February are 181,678.

We may continue opportunistic share repurchases under the program as we believe our shares trade well below a reasonable assessment of intrinsic value. We will balance those opportunities against the capital needs of the business and our priority of strengthening the balance sheet.

Moving forward, our priorities are to integrate across the combined business, realize the identified synergies and generate free cash flow with near-term priority on reducing leverage. Capital deployment will focus on targeted equipment replacement.

However, due to reduced driver supply, we have been able to manage fleet age through accelerated disposition of older units and fewer new units. We do not intend to add capacity without appropriate customer commitments and expected returns.

As we look ahead to the fourth quarter, while the demand environment is proving resilient in the context of the broader economy, we do expect several of the operating environment challenges observed in the first three quarters to persist, most notably outsized fuel expenses and driver-related costs and capacity constraints. As a result, with holiday impacts in the fourth quarter, we tend to see a sequential decline in comparable revenue from Q3.

Inclusive of our first full quarter of ownership of Hansen & Adkins, we expect revenue to be in a range of $180 million to $195 million for the fourth quarter. We expect operating ratio to improve sequentially by 50 to 100 basis points, assuming ongoing margin pressure from fuel and adjusted EBITDA margin to improve modestly.

I'll now turn the call over to Amy Rice, who will provide more color on our Q3 operational performance.

Amy Rice^ Thanks, Brad. Rick outlined the broader market dynamics. I'll expand on how those conditions are affecting our operations, the actions we are taking and where we see opportunities to improve performance.

Starting with fuel. Our surcharge recovery programs are established by the automotive OEMs rather than by Proficient, which differs from most transportation markets. With nearly 20 fuel programs across our portfolio, each with different provisions, calculation methods and recovery structures, the impact of higher fuel prices on recovery is greater than simply the lag effect of when fuel pricing is calculated and when we are paid recovery versus when we incur expense.

The impact of those fuel surcharge programs has dramatically changed customer by customer and location by location profitability characteristics, with negative attributes further exacerbated by longer length of haul, lower load factor, empty miles and regions in which fuel costs outpaced the national average. The result of which is certain contracts that were profitable prior to fuel spikes earlier this year are no longer profitable.

We estimate that fuel under-recovery increased our third quarter operating ratio by 2 to 2.5 percentage points. As Rick mentioned, we are working across our customer base to improve fuel cost coverage and mitigate the impact of surcharge adjustments trailing fuel price changes.

While we have notched many incremental successes in this pursuit, the gap remains material. Absent additional substantial improvements in recovery and an eventual return to lower fuel prices, we expect significant fuel pressure to persist, making improved pricing, operating efficiency and synergy capture all the more essential in the current environment.

Beyond fuel recovery, we are pursuing broader contract rate improvements to address rising costs and better reflect current market conditions. We expect at least mid-single-digit pricing gains on contract renewals, and anticipate more spot market mix than we have seen in the last few years.

We are also advocating for and benefiting from temporary incentives and/or realignment of certain contracts that are markedly below market.

Since drivers and subhaulers are generally paid on a percentage of revenue basis, freight that is priced meaningfully below market does not pay enough in this environment to attract and retain capacity, requiring adjustments to ensure supply chain continuity.

As a reminder, approximately a third of our portfolio is rebid each year. So we are taking several actions to improve economics beyond the normal market renewal cycle.

Where existing rates are below market, capacity is constrained and customers need service stability, we are securing targeted mid-contract increases often at 2 to 3x normal renewal levels. We are working with customers to improve economics at the bottom 20% of our portfolio contract locations by profitability, including those locations with impaired profitability due to fuel.

Where we cannot establish acceptable economics, we will facilitate transition out of such business and redeploy that capacity to compensatory freight. As we do not have line of sight to reversion to normal fuel prices, we have to be responsive to the disproportionate impact of fuel in real time. We are working with customers to anticipate volume needs and, with service-sensitive surges, secure short-term rate incentives that help attract incremental capacity to the market.

Together with spot opportunities across our broader network, we estimate that roughly 7% to 12% of volume moving is benefiting from above contract rates. We are capturing additional spot freight with our broader and denser coverage of geography. The stronger spot market also supports our contract discussions as customers prefer reliable contract capacity, even if nominally more expensive, rather than the cost and administration of repeatedly seeking unpredictable spot coverage.

Turning to our operating performance. We experienced steady service improvement during the third quarter as the market worked off the backlog from the spring demand acceleration and plant and port shutdowns in late summer helped to balance the market.

Since the time of the transaction, with benefits from sister haul and a now common regional management structure taking root, average dwell of vehicles awaiting transport is down by more than 10% and the quantity of inventory available to move is also up by about 15%.

Company driver mix for the third quarter, inclusive of the seven-week ownership period of Hansen & Adkins, was approximately 46% on a consolidated basis, up 10% year-over-year. This

reflects an increase from both the higher proportion of company drivers inherent in the Hansen & Adkins portfolio and improved driver productivity in the existing proficient portfolio.

While inflation and fuel impacts are more challenging for margins in the company driver segment, the flow-through of any earned price increases is greater, thus creating a stronger margin improvement opportunity through execution of improved utilization and repricing.

Realizing that opportunity requires attracting and retaining productive drivers and sparingly reducing unproductive drivers, to optimize company segment performance, while maintaining reliable owner operator and carrier capacity in the sub haul segment, both of which remain challenging in the current environment. Regulatory pressures and extended period of low returns and rising costs have pushed drivers and carriers out of the market and made it more difficult for new entrants.

Fuel under-recovery adds to that pressure. Owner operators and third-party carriers are also exposed, straining their margins and liquidity and contributing to further capacity exits. To address these challenges, we are consolidating recruiting efforts and rebalancing fleet deployment across our network. Recruiting has attracted additional drivers, but attrition remains elevated as drivers move to other trucking segments offering rapid wage increases.

We are also aligning our fleet with the number of productive drivers we expect over the next 6 to 12 months. We are selling older unseated equipment to reduce fleet age and maintenance obligations, while reinforcing driver safety and productivity through incentives and addressing performance that falls below acceptable thresholds. Alongside our company driver efforts, we are strengthening our third-party carrier network.

Despite the pressure facing these providers and the judicial scrutiny of broker carrier relationships, we are seeing momentum in signing on new qualified third-party carriers and extending the contract relationship with existing third-party carriers to more of Proficient's operating companies. We have signed more than 200 new third-party carrier contracts in the last 30 days.

We have actions underway to improve earnings through pricing and fuel recovery, better resource utilization, network efficiencies and maintenance and procurement savings, supported by disciplined freight selection. Transaction synergies are beginning to accelerate, both in financial and operational impact.

We have realigned our organization to reflect blended talent across the cohesive network and our systems and process integration progress reduces complexity and oversight and administration and enables greater accountability. We remain convicted about the benefits for employees, customers and investors of the combination of our companies.

As we look forward to 2027, current SAAR expectations point to relatively stable demand in 2027, while continued industry capacity tightening supports the more favorable pricing outlook.

Against that backdrop, we expect enhanced synergies and our self-help efforts to deliver meaningful margin improvement of at least three points of adjusted operating ratio in 2027, with potential further improvement if and as fuel prices return to more normal levels.

In a normalized fuel scenario, we would also expect to recapture the related 2 to 2.5 points of margin. However, we are not relying on fuel improvement to make the clear progress in the business, and we have a multiyear path to margin improvement that reaches the low 90s OR objective.

I'll now turn the call back to Rick for closing comments.

Richard O'Dell^ Thank you, Amy. Let me close with a few key points.

Our third quarter results clearly did not meet our expectations. We believe the actions that we are taking are positioning the business for meaningful improvement and stronger performance over the long term. We are addressing pricing and fuel recovery becoming more disciplined in how we deploy our capacity and moving quickly to capture the benefits of the Hansen & Adkins combination.

We expect the fourth quarter to remain a transition period with many of these actions only beginning to contribute to our results. As we move into 2027, we expect the benefits to build, we've identified a significantly larger synergy opportunity from Hansen & Adkins. Pricing conditions are becoming more constructive as industry capacity has tightened and we see meaningful opportunities to improve utilization and efficiency across our combined network.

Our priorities are straightforward: execute against these opportunities, improve margins and cash generation and strengthen returns across the business. We believe the platform we have built gives us a clear path to drive substantially better earnings performance and enhance value for shareholders over the next several years. We intend to demonstrate that progress quarter-by-quarter.

I'd like to establish some longer-term margin expectations to reflect our expectations of this enhanced organization as we progress forward. For 2027, we target an OR ranging from 95% to 97%, reflecting enhanced synergies and pricing. For 2028, we target an OR ranging from 92% to 94% as we continue to benefit from our enhanced market position, repricing contracts and achieve our targeted synergies.

Throughout this work, safe, reliable service and disciplined capital allocation will continue to guide our decisions. I want to thank our employees, our carrier partners for their commitment, our customers for their continued partnership and our shareholders for their support.

Operator, we're ready to take questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from the line of Tyler Brown with Raymond James.

Patrick Brown^ Thank you for the details of the updated synergies. But maybe you could talk about what comprised the incremental synergy target. And I may have missed it, Brad, but how much should we assume that you realize of the $20 million to $30 million in 2027?

Amy Rice^ So we expect to come into 2027 at a $10 million run rate, and we expect to capture an additional $5 million to $10 million over the course of that year. So we'll get a partial year of the next $5 million to $10 million.

Patrick Brown^ Okay. So call it low double digits millions.

Amy Rice^ Yes.

Patrick Brown^ Okay. And then, Amy, what is the spot mix today?

Amy Rice^ I would say the spot mix today is, again, starting to trend in that 7% to 12% range.

Patrick Brown^ Okay. So it's definitely improved. Okay.

Amy Rice^ Part of that just for transparency is Hansen & Adkins has a logistics business that participates predominantly in the transactional space. So that is contributory as well to greater share that's moving in the spot market.

Patrick Brown^ Okay. And then I just want to kind of rehash the pricing discussion. So I think it's pretty clear like margins are not where you want them. It sounds like the bottom 20% of contracts are, let's just say, some distance away from being acceptable. It sounds like maybe a third comes up per year, you're going to address out-of-cycle contracts, you're reworking your fuel surcharges. So should we be thinking about 10-plus percent pricing all in next year? And if not, why?

Amy Rice^ So I'll break that up. On standard contract renewals, we are expecting mid-single digits. So if a third of the portfolio renews over the course of the year and you get mid-single digits on that, you're going to get a partial benefit in year across that portion of the portfolio.

For the bottom tier of the portfolio that is either unprofitable or in the current capacity environment, we can't address all demand in a given market, such that we need to realign within markets. You should expect stronger pricing there, certainly double digits, but there will be cases where customers choose to go with another carrier as a result.

Patrick Brown^ Yes. Well, it sounds like it may not be the worst outcome. And then lastly, just, Brad, I think you guys threw some different numbers out. I think you said maybe 3x EBITDA to gross debt by the end of 2027. And I'm kind of working on the fly here. But what does that equate to from an EBITDA perspective? Is that something like $70 million to $80 million of EBITDA in '27 just based on the breadcrumbs you laid out?

Bradley Wright^ No. No, it should be more in the $60 million to $70 million range.

Patrick Brown^ $60 million to $70 million. Okay.

Operator^ (Operator Instructions) Our next question comes from the line of Bruce Chan with Stifel.

Bruce Chan^ Certainly, appreciate the sharpened margin targets for next year and beyond. I just wanted to clarify, when you talk about the 95% to 97% range with synergies for next year, that is exclusive of potential fuel normalization, the 200 or so basis points that you mentioned, Amy. Is that correct?

Amy Rice^ I think if we have full fuel normalization, we could beat that range. With partial and where we land in the synergies, we could be within that range.

Bruce Chan^ Okay. That's helpful. And then I just wanted to make sure I understood the response to Tyler's question. Brad, you talked about EBITDA for next year looking like it was more in the $60 million to $70 million range. It feels like you've got more coming from synergies. I think the OR targets are pretty healthy. But maybe there's some more pressure on the top line.

So even though you've got potentially a better kind of pricing opportunity, maybe there's some demand headwinds as a function of just reduced capacity in the marketplace. Is that a fair way to put it?

Amy Rice^ I think so. I mean, SAAR is expected to be relatively stable to this year. And absent capacity returning to the market in a meaningful way, there is somewhat of a capping out of how much volume can be moved.

Now, within that volume set, we can certainly trade up within the portfolio and improve the economics of the portfolio, but to get to aggregate higher demand moves, we've got to attract more capacity back into this industry.

Bruce Chan^ Okay. Got it. And then just a final question here. Obviously, capacity is fairly scarce right now. You talked about legacy Proficient being down 14% or 15% in terms of units moved. Is that something that you're seeing across the industry? Or is that a function of, call it, share loss because you're being a little bit more disciplined with what you're taking on right now?

Amy Rice^ I think a lot of it reflects what's going on in the industry, and you're seeing contracted carriers not able to cover as much volume as they were able to cover in prior years. So more of that volume is going to the spot market. And some of that has a self-defeating outcome where when traffic moves to the spot market, some of the third-party carriers who would otherwise support contract traffic migrate to the higher rated spot traffic.

So again, kind of what's available on a same-store sales basis from a capacity standpoint is certainly down across the industry.

Bruce Chan^ Okay. So do you see that spot percentage ticking up now with that recent H&A kind of spot business or logistics business acquisition? Or is that something that you're not really willing to flex up anymore?

Amy Rice^ I do see it flexing up with the acquisition. In part, some new vehicle spot traffic, but a lot of enhanced pursuit of remarketed and used traffic to help diversify the portfolio, to help fill in empty miles for the freight that fits our network and to help get to more scale that could mitigate some of the ebbs and flows in the new vehicle traffic.

So we absolutely expect to invest in that business and develop it for further growth.

Operator^ And I'm currently showing no further questions at this time. I'd now like to hand the call back over to Rick O'Dell for closing remarks.

Richard O'Dell^ All right. Well, thank you for your interest in Proficient Auto Logistics. Obviously, we're very excited about the Hansen & Adkins acquisition, synergy opportunities and more importantly, the go-to-market opportunities in the larger organization and the assets available in the marketplace that's showing some favorable supply-demand characteristics.

So like I said, we're really excited about 2027 and 2028, generating some materially enhanced margins to improve cash flow and big opportunity to strengthen the balance sheet over a short period of time. Thank you.

Operator^ This concludes today's conference. Thank you for your participation. You may now disconnect.