

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2025

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

001-42035

(Commission File Number)

PROFICIENT AUTO LOGISTICS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

93-1869180

(I.R.S. Employer
Identification No.)

12276 San Jose Blvd.

Suite 426

Jacksonville, Florida

(Address of principal executive offices)

32223

(Zip Code)

(904) 506-7918

(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, par value \$0.01 per share	PAL	The Nasdaq Stock Market LLC

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

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

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

The registrant had 27,069,114 shares of common stock outstanding at May 12, 2025.

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EXPLANATORY NOTE

On May 13, 2024, Proficient Auto Logistics, Inc. (“Proficient”) completed the initial public offering (the “IPO”) of its common stock. Prior to the IPO, Proficient had entered into agreements (the “Combination Agreements”) to acquire in multiple, separate acquisitions (the “Combinations”) five operating businesses and their respective affiliated entities, as applicable, operating under the following names: (i) Delta Automotive Services, Inc. (which converted to Delta Automotive Services, LLC in an F-reorganization on April 29, 2024), doing business as Delta Auto Transport, Inc. (“Delta”), (ii) Deluxe Auto Carriers, Inc. (“Deluxe”), (iii) Sierra Mountain Group, Inc. (“Sierra”), (iv) Proficient Auto Transport, Inc. (“Proficient Transport”), and (v) Tribeca Automotive Inc. (“Tribeca” and, together with Delta, Deluxe, Sierra, and Proficient Transport, the “Founding Companies”). On May 13, 2024, in connection with the closing of the IPO, Proficient also completed the acquisitions of all the Founding Companies.

For accounting and reporting purposes, Proficient has been identified as the designated accounting acquirer (“Successor”) of each of the Founding Companies and Proficient Transport has been identified as the designated accounting predecessor (“Predecessor”) to the Company (as defined below). The Successor financial information presented herein includes results of operations for the period ended March 31, 2025 from the acquired businesses as well as expenses from the acquiring entity. As a result, the unaudited condensed consolidated financial statements as of, and for the three months ended, March 31, 2024 for Proficient (Successor) and the three months ended March 31, 2024 for Proficient Transport (Predecessor) are included in this Quarterly Report on Form 10-Q. The Company is not required to provide, and this Quarterly Report on Form 10-Q does not contain, pro forma financial data giving effect to the completion of the Combinations and the completion of the IPO and the use of the proceeds therefrom. However, the Company is providing summary unaudited combined financial information for the three months ended March 31, 2024. See “Management’s Discussion and Analysis of Results of Operations and Financial Condition — Summary Unaudited Combined Financial Information.” The summary of unaudited combined financial information has been prepared by, and are the responsibility of, Proficient’s and the Founding Companies’ management. The unaudited consolidated financial statements have not been audited by the Company’s independent registered public accounting firm, except that the consolidated balance sheet as of December 31, 2024 is derived from the Company’s audited consolidated financial statements. In the opinion of management, the unaudited consolidated financial statements reflect all necessary adjustments to present fairly the Company’s interim financial position, results of operations and cash flows. All adjustments are of a recurring nature unless otherwise disclosed herein.

Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to “Proficient” refers to the successor company, Proficient Auto Logistics, Inc., both prior to the Combinations, and to Proficient Auto Logistics, Inc. and its subsidiaries after giving effect to the Combinations.

PROFICIENT AUTO LOGISTICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	Successor	
	March 31, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,910,825	\$ 15,398,714
Accounts receivable, less allowance for credit losses (2025 - \$224,017; 2024 - \$134,372)	47,161,777	37,394,656
Net investment in leases, current portion	253,109	266,447
Maintenance supplies	1,438,087	1,356,814
Assets held for sale	10,000	265,900
Income tax receivable	1,897,720	2,944,742
Prepaid expenses and other current assets	7,597,782	10,060,169
Total current assets	69,269,300	67,687,442
Property and equipment, net of accumulated depreciation and amortization (2025 - \$21,795,157; 2024 - \$15,541,572)	118,785,207	122,636,636
Operating lease right-of-use assets	10,485,577	10,970,536
Net investment in leases, less current portion	121,732	175,330
Deposits	4,792,963	4,676,679
Goodwill	170,900,127	169,056,675
Intangible assets, net of amortization (2025 - \$8,125,194; 2024 - \$5,709,360)	130,074,810	132,490,640
Other long-term assets	841,179	393,006
Total assets	\$ 505,270,895	\$ 508,086,944
Liabilities, and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 12,509,588	\$ 9,829,355
Accrued liabilities	22,750,192	21,826,519
Finance lease liabilities, current portion	76,225	89,184
Operating lease liabilities, current portion	1,869,592	1,825,970
Long-term debt, current portion	18,333,690	19,052,903
Total current liabilities	55,539,287	52,623,931
Long-term liabilities:		
Line of credit	8,000,000	7,000,000
Finance lease liabilities, less current portion	—	8,343
Operating lease liabilities, less current portion	8,778,249	9,258,234
Long-term debt, less current portion	52,953,684	56,336,911
Deferred tax liability, net	41,786,905	42,638,079
Other long-term liabilities	2,241,923	2,241,923
Total liabilities	169,300,048	170,107,421
<i>Commitments and contingencies (Note 16)</i>		
Stockholders' equity:		
Common stock, \$0.01 par value; 50,000,000 shares authorized; 27,069,114 shares issued and outstanding as of		
March 31, 2025 and December 31, 2024	270,691	270,691
Additional paid in capital	347,939,938	346,756,929
(Accumulated deficit) retained earnings	(12,239,782)	(9,048,097)
Total stockholders' equity	335,970,847	337,979,523
Total Liabilities and Stockholders' Equity	\$ 505,270,895	\$ 508,086,944

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

PROFICIENT AUTO LOGISTICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Successor		Predecessor
	Three months ended March 31, 2025	Three months ended March 31, 2024	Three months ended March 31, 2024
Operating revenue			
Revenue, before fuel surcharge	\$ 87,615,128	\$ —	\$ 26,354,688
Fuel surcharge and other reimbursements	5,427,840	—	1,346,459
Other Revenue	1,305,745	—	—
Lease Revenue	857,308	—	125,445
Total operating revenue	95,206,021	—	27,826,592
Operating Expenses			
Salaries, wages and benefits	19,288,103	—	4,487,363
Stock-based compensation	1,183,009	—	—
Fuel and fuel taxes	6,065,255	—	762,922
Purchased transportation	47,208,843	—	17,486,378
Truck expenses	5,849,846	—	1,114,821
Depreciation	6,488,579	—	639,337
Intangible amortization	2,415,830	—	—
Loss (Gain) on sale of equipment	8,781	—	(235,081)
Insurance premiums and claims	4,958,679	—	591,617
General, selling, and other operating expenses	4,101,602	309,878	953,335
Total Operating Expenses	97,568,527	309,878	25,800,692
Operating (loss) income	(2,362,506)	(309,878)	2,025,900
Other income and expense			
Interest expense	(1,570,920)	—	(452,390)
Acquisition Costs	(37,102)	—	—
Other income, net	76,222	—	—
Total other expense, net	(1,531,800)	—	(452,390)
(Loss) Income before income taxes	(3,894,306)	(309,878)	1,573,510
Income tax (benefit) expense	(702,621)	—	388,878
Net (loss) income	\$ (3,191,685)	\$ (309,878)	\$ 1,184,632
Loss Per Share			
Basic & Diluted	\$ (0.12)	\$ (0.11)	
Weighted Average Shares			
Basic & Diluted	27,069,114	2,939,130	

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

PROFICIENT AUTO LOGISTICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(unaudited)

Successor

	Common Stock		Additional Paid in Capital	Accumulated Deficit	Total Equity
	Shares	Amount			
Balance, December 31, 2023	2,939,130	\$ 29,391	\$ 932,609	\$ (572,829)	\$ 389,171
Net loss	—	—	—	(309,878)	(309,878)
Balance, March 31, 2024	2,939,130	\$ 29,391	\$ 932,609	\$ (882,707)	\$ 79,293
Balance, December 31, 2024	27,069,114	\$ 270,691	\$ 346,756,929	\$ (9,048,097)	\$ 337,979,523
Stock-based compensation	—	—	1,183,009	—	1,183,009
Net loss	—	—	—	(3,191,685)	(3,191,685)
Balance, March 31, 2025	<u>27,069,114</u>	<u>\$ 270,691</u>	<u>\$ 347,939,938</u>	<u>\$ (12,239,782)</u>	<u>\$ 335,970,847</u>

Predecessor

	Common stock		Retained earnings	Total Equity
	Shares	Amount		
Balance, December 31, 2023	392,825	\$ 3,928	\$ 7,748,792	\$ 7,752,720
Accrued and unpaid dividends on Series A preferred stock	—	—	(177,752)	(177,752)
Net income	—	—	1,184,632	1,184,632
Balance, March 31, 2024	<u>392,825</u>	<u>\$ 3,928</u>	<u>\$ 8,755,672</u>	<u>\$ 8,759,600</u>

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

PROFICIENT AUTO LOGISTICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Successor		Predecessor
	Three months ended March 31, 2025	Three months ended March 31, 2024	Three Months ended March 31, 2024
Cash flows from operating activities:			
Net (loss) income	\$ (3,191,685)	\$ (309,878)	\$ 1,184,632
Adjustments to reconcile net (loss) income to net cash flows provided by operating activities:		—	
Stock-based compensation	1,183,009	—	—
Provision for credit losses	142,310	—	35,000
Depreciation and amortization expense	8,904,409	—	639,337
Loss (Gain) on sale of equipment	8,781	—	(235,081)
Interest income	(12,396)	—	(213)
Amortization of debt issuance costs	18,914	—	3,279
Deferred income tax expense (benefit)	(851,174)	—	4,706
Operating lease expense	484,959	—	18,733
Change in operating assets and liabilities:			
Accounts receivable	(9,909,431)	—	7,039,819
Net investment in leases	79,332	—	8,637
Maintenance supplies	(81,273)	—	32,826
Income tax receivable	(25,130)	—	—
Prepaid expenses and other assets	2,602,440	—	618,026
Deposits	(116,284)	—	(12,409)
Accounts payable	3,447,164	1,090,743	(424,382)
Book overdraft	—	—	(891,410)
Accrued liabilities	(614,558)	(1,163,000)	(1,993,447)
Income tax payable	—	—	(666,128)
Operating lease liabilities	(436,363)	—	(18,488)
Net cash flows provided by(used in) operating activities	<u>1,633,024</u>	<u>(382,135)</u>	<u>5,343,437</u>
Cash flows from investing activities:			
Proceeds from sale of equipment	251,735	—	252,441
Purchases of property and equipment	(2,641,766)	—	(233,143)
Net cash flows (used in) provided by investing activities	<u>(2,390,031)</u>	<u>—</u>	<u>19,298</u>
Cash flows from financing activities:			
Proceeds from line of credit	2,000,000	—	13,265,526
Repayments of line of credit	(1,000,000)	—	(16,715,655)
Repayments of long-term debt	(4,709,580)	—	(398,804)
Repayments of finance lease obligations	(21,302)	—	(106,469)
Net cash flows used in financing activities	<u>(3,730,882)</u>	<u>—</u>	<u>(3,955,402)</u>
Net change in cash	(4,487,889)	(382,135)	1,407,333
Cash and cash equivalents, beginning of period	15,398,714	458,233	4,273
Cash and cash equivalents, end of period	<u>\$ 10,910,825</u>	<u>\$ 76,098</u>	<u>\$ 1,411,606</u>
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 1,558,106	\$ —	\$ 511,794
Cash paid for taxes	\$ —	\$ —	\$ 1,050,000
Noncash investing and financing activity:			
Right of use assets obtained in exchange for lease liability	\$ —	\$ —	\$ 328,489
Equipment and Services financed through long-term debt	\$ 588,226	\$ —	\$ —
Accrued and unpaid dividends	\$ —	\$ —	\$ 177,752

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

PROFICIENT AUTO LOGISTICS, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Nature of operations

AH Acquisition Corp. was formed on June 13, 2023, pursuant to the laws of the State of Delaware to become a holding company for the consolidation of several operating companies within the automobile transportation industry. Subsequently, on October 17, 2023, AH Acquisition Corp. legally changed its name to Proficient Auto Logistics, Inc (“Proficient,” the “Company,” or “We”).

Proficient is an industry leading specialized freight company focused on providing auto transportation and logistics services. The Company offers a broad range of auto transportation and logistics services, primarily focused on transporting finished vehicles from automotive production facilities, marine ports of entry, or regional rail yards to auto dealerships around the country. We have developed a differentiated business model due to our scale, breadth of geographic coverage, and embedded customer relationships with leading auto original equipment manufacturing companies (“OEMs”). Our customers range from large, global auto companies, to electric vehicle (“EV”) producers, auto dealers, auto auctions, rental car companies, and auto leasing companies. Proficient operates an asset-based Company Drivers service (“Company Drivers”) on behalf of the manufacturers as well as various third-party logistics management companies or brokers. In addition, Proficient provides third party logistics to other transportation companies under an asset-light freight model (“Subhaulers”).

Note 2 — Summary of significant accounting policies

Basis of Presentation — The condensed consolidated financial statements and footnotes have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

On May 13, 2024, Proficient Auto Logistics, Inc. (“Proficient”) completed the initial public offering (the “IPO”) of its common stock. Prior to the IPO, Proficient had entered into agreements (the “Combination Agreements”) to acquire in multiple, separate acquisitions (the “Combinations”) five operating businesses and their respective affiliated entities, as applicable, operating under the following names: (i) Delta Automotive Services, Inc. (which converted to Delta Automotive Services, LLC in an F-reorganization on April 29, 2024), doing business as Delta Auto Transport, Inc. (“Delta”), (ii) Deluxe Auto Carriers, Inc. (“Deluxe”), (iii) Sierra Mountain Group, Inc. (“Sierra”), (iv) Proficient Auto Transport, Inc. (“Proficient Transport”), and (v) Tribeca Automotive Inc. (“Tribeca” and, together with Delta, Deluxe, Sierra, and Proficient Transport, the “Founding Companies”). On May 13, 2024, in connection with the closing of the IPO, Proficient also completed the acquisitions of all the Founding Companies.

Thereafter, on August 16, 2024, the Company acquired Auto Transport Group, LC, (“ATG”) for approximately \$28.9 million in cash and 1,069,346 shares of our common stock. Subsequently on November 1, 2024, the Company acquired Utah Truck & Trailer Repair, LLC, (“UTT”), a repair facility located at the ATG headquarters terminal in Ogden, Utah for \$4.5 million in cash. These acquisitions expanded the Company’s geographic presence and services offered.

The Combinations and subsequent acquisitions are accounted for as business combinations under ASC 805. Under this method of accounting, Proficient Auto Logistics, Inc. is treated as the “accounting acquirer.”

Proficient has been identified as the designated accounting acquirer (“Successor”) of each of the Founding Companies and Proficient Transport has been identified as the designated accounting predecessor (“Predecessor”) to the Company. The Successor financial information presented herein includes results of operations for the period ended March 31, 2025 and the unaudited condensed consolidated financial statements as of, and for the three months ended, March 31, 2024 for Proficient (Successor) and the three months ended March 31, 2024 for Proficient Transport (Predecessor) are included in this Quarterly Report on Form 10-Q. A black-line between the Successor and Predecessor periods has been placed in the Condensed Consolidated Statements of Operations, Condensed Consolidated Statements of Stockholders’ Equity (Deficit), Condensed Consolidated Statements of Cash Flows and in the tables to the notes to the condensed consolidated financial statements to highlight the lack of comparability between these two periods. Please refer to Note 3, “Business Combinations.”

Principles of Consolidation — The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions and accounts have been eliminated. The condensed consolidated financial statements in the Successor periods include the impact of push-down accounting with acquisition related costs pushed down to the corresponding reporting entity.

Accounts Receivable — Accounts receivable represents customer obligations due under normal trade terms. The Company reviews accounts receivable on a continuing basis to determine if any receivables are potentially uncollectible. The Company writes off uncollectible receivables based on specifically identified amounts determined to be uncollectible. Based on the information available, the Company recorded an allowance for credit losses of approximately \$224,017 and \$134,382 at March 31, 2025 and December 31, 2024, respectively. Actual write-offs could differ from management's estimate.

Business Combinations — The Company accounts for business combinations using the acquisition method pursuant to ASC 805, Business Combinations. For each acquisition, the Company recognizes the assets acquired and liabilities assumed at their respective fair values as of the acquisition date. Valuations of certain assets acquired, including customer relationships, developed technology and trade names involve significant judgment and estimation. The Company uses independent valuation specialists to help determine fair value of certain assets and liabilities. Valuations utilize significant estimates, such as forecasted revenues and profits. Changes in these estimates could significantly impact on the value of certain assets and liabilities. ASC 805 establishes a measurement period to provide the Company with a reasonable amount of time to obtain the information necessary to identify and measure various items in a business combination and cannot extend beyond one year from the acquisition date. Measurement period adjustments are recognized in the reporting period in which the adjustments are determined and calculated as if the accounting had been completed as of the acquisition date. The Company expects to complete the final fair value determination of the assets acquired and liabilities assumed as soon as practicable within the measurement period, but not to exceed one year from the acquisition date.

Goodwill — Goodwill is recorded when the purchase price paid in a business combination exceeds the fair value of assets acquired and liabilities assumed. Goodwill is reviewed for impairment on an annual basis, or upon an occurrence of an event or changes in circumstances that indicate that the carrying value may not be recoverable. In the absence of any indications of potential impairment, the evaluation of goodwill is performed during the fourth quarter of each year.

Goodwill impairment is the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. When testing goodwill for impairment, the Company may first perform a qualitative assessment to determine whether the fair value of a reporting unit is less than its carrying amount. The Company then completes a quantitative impairment test if the qualitative assessment indicates that it is more likely than not that the reporting unit's fair value is less than the carrying value of its assets. If the estimated fair value of the reporting unit exceeds the carrying value, goodwill is not considered impaired, and no additional steps are needed. If, however, the fair value of the reporting unit is less than its carrying value, then the amount of the impairment loss is the amount by which the reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill.

Intangible Assets, Net — The Company's intangible assets consist of acquired customer relationships and trade names. Intangible assets with finite lives are amortized over their estimated useful lives using the straight-line method.

When determining the fair value of acquired intangible assets, management makes significant estimates and assumptions, including, but not limited to, expected long-term market growth, customer retention, future expected operating expenses, costs of capital and appropriate discount rates. Finite-lived intangible assets are amortized using the straight-line method over their respective estimated useful lives.

Stock-Based Compensation — Restricted Stock Units (“RSUs”) have been granted to eligible employees of the Company. As the requirement to remain employed for the necessary service period and the performance vesting criteria are based on the performance of the Company, the Company has pushed down the related compensation expense and has recorded the compensation within stock-based compensation within the consolidated statement of operations. In accounting for stock-based compensation awards, the Company measures and recognizes the cost of employee services received in exchange for awards of equity instruments based on the grant date fair value of those awards. Compensation expense for time-vesting awards is recognized ratably using the straight-line attribution method over the vesting period, which is considered to be the requisite service period. The estimated fair value of the RSU’s was determined using the fair value of the Company’s common stock on the grant date.

Fair Value Measurements — The Company determines fair value based upon the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, as determined by either the principal market or the most advantageous market in which it transacts. The Company applies fair value accounting for all the financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Observable inputs such as unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These inputs are based on the Company’s own assumptions about current market conditions and require significant management judgment or estimation.

As of March 31, 2025 and December 31, 2024, the carrying value of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, and other current assets and liabilities approximates fair value (except for current maturities of long-term debt) due to the short maturities of these instruments. Certain assets, including goodwill, intangible assets and other long-lived assets, are also subject to measurement at fair value on a nonrecurring basis if they are deemed to be impaired as a result of an impairment review.

Segment Reporting — In accordance with ASC 280, *Segment Reporting*, operating segments are defined as components of an enterprise for which separate financial information is available and are regularly reviewed by the chief operating decision maker (“CODM”) in deciding how to allocate resources and in assessing performance. The CODM primarily evaluates performance based on operational results from the services provided by Company Drivers and Subhaulers, which represent the Company’s operating segments for the three months ended March 31, 2025 (Successor), and for the three months ended March 31, 2024 (Predecessor), respectively. The Company’s CODM has been identified to collectively include the Company’s Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer.

Accounting Pronouncements Not Yet Adopted – In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which would require additional transparency for income tax disclosures, including the income tax rate reconciliation table and cash taxes paid both in the United States and foreign jurisdictions. This standard is effective for annual periods beginning after December 15, 2024. The Company is currently assessing the impact this standard will have on its disclosures.

In March 2024, the SEC adopted final rules under SEC Release Nos. 33-11275 and 33-99678, The Enhancement and Standardization of Climate-Related Disclosures for Investors, that will require registrants to provide certain climate-related information in their registration statements and annual reports. Subsequent to issuance, the rules became the subject of litigation, and the SEC has issued a stay to allow the legal process to proceed. The Company is currently assessing the impact this standard will have on its disclosures.

In November 2024, the FASB issued ASU 2024-03, Disaggregation of Income Statement Expenses (Topic 220), which requires additional disclosure about certain costs and expenses. The ASU is effective for fiscal years beginning after December 15, 2026, while early adoption is permitted. The Company is currently assessing the impact this standard will have on its disclosures.

Note 3 — Business combinations

Acquisition of the Founding Companies

On December 21, 2023, Proficient Auto Logistics, Inc. entered into agreements to acquire in multiple, separate acquisitions five operating businesses and their respective affiliated entities, as applicable: (i) Delta, (ii) Deluxe, (iii) Sierra, (iv) Proficient Transport, and (v) Tribeca. The closing of the acquisitions occurred concurrently with the closing of the Company’s IPO of its common stock on May 13, 2024.

The various agreements to acquire the Founding Companies are briefly described below:

- The Company entered into a Membership Interest Purchase Agreement and a Contribution Agreement to acquire all of the outstanding equity of Delta for cash and shares of common stock. Delta’s main business is transporting vehicles for automobile manufacturers to their dealers from the manufacturing site, marine port or rail hub, but it also derives a non-insignificant portion of its revenue from delivering used cars from and to auction companies, leasing companies, automobile dealers, manufacturers and individuals, primarily in the Southeast and East Coast of the United States.
- The Company entered into a Stock Purchase Agreement and a Merger Agreement to acquire all of the outstanding equity of Deluxe for cash, shares of common stock and contingent consideration in the form of an earn-out provision. The earn-out provision which provided that the Company would make earn-out payments, fifty percent (50%) in cash and fifty percent (50%) in shares of common stock, to Deluxe under certain terms and conditions related to Deluxe’s EBITDA for the period commencing on January 1, 2024 and ending on December 31, 2024. No earnout payment was ultimately due under this agreement. Deluxe’s primary business is transporting vehicles for automobile manufacturers to their dealers from the manufacturing site, marine port or rail hub, but it also derives a non-insignificant portion of its revenue from delivering used cars from and to auction companies, leasing companies, automobile dealers, manufacturers and individuals, primarily in the West Coast and South of the United States.

- The Company entered into a Stock Purchase Agreement and a Contribution Agreement to acquire all of the outstanding equity of Proficient Transport for cash and shares of common stock. Proficient Transport's primary business is transporting vehicles for automobile manufacturers to their dealers from the manufacturing site, marine port or rail hub, but it also derives a non-insignificant portion of its revenue from delivering used cars from and to auction companies, leasing companies, automobile dealers, manufacturers and individuals, primarily in the South, Southeast and East Coast of the United States.
- The Company entered into a Stock Purchase Agreement and a Merger Agreement to acquire all of the outstanding equity of Sierra for cash and shares of common stock. Sierra Mountain's primary business is transporting vehicles for automobile manufacturers to their dealers from the manufacturing site, marine port or rail hub, but it also derives a non-insignificant portion of its revenue from delivering used cars from and to auction companies, leasing companies, automobile dealers, manufacturers and individuals, primarily in the West Coast and the Midwest of the United States.
- The Company entered into a Stock Purchase Agreement and a Contribution Agreement to acquire all of the outstanding equity of Tribeca for cash and shares of common stock. Tribeca's primary business is transporting vehicles for automobile manufacturers to their dealers from the manufacturing site, marine port or rail hub, but it also derives a non-insignificant portion of its revenue from delivering used cars from and to auction companies, leasing companies, automobile dealers, manufacturers and individuals, primarily in the East Coast and Southeast of the United States.

The acquisitions were accounted for using the acquisition method of accounting, in accordance with ASC 805, *Business Combinations*. Proficient Auto Logistics, Inc was the accounting acquirer, and the Company elected to apply pushdown accounting. The tables below present the consideration transferred and the allocation of the total consideration to tangible and intangible assets acquired and liabilities assumed from the acquisition of the Founding Companies based on the respective fair values as of May 13, 2024, as well as the measurement period adjustments recorded as of March 31, 2025.

Delta

	Acquisition Date Amounts Recognized as of 12/31/24	Adjustments	Acquisition Date Amounts Recognized, As Adjusted as of March 31, 2025
<u>Purchase consideration</u>			
Cash consideration paid	\$ 31,580,792	\$ -	\$ 31,580,792
Stock consideration issued	32,888,947	-	32,888,947
Total purchase price	\$ 64,469,739	\$ -	\$ 64,469,739
<u>Allocation of purchase price</u>			
Cash and cash equivalents	3,928,792	-	3,928,792
Accounts receivable	3,928,804	-	3,928,804
Prepaid expenses and other current assets	1,218,752	-	1,218,752
Property and equipment	23,068,360	-	23,068,360
Operating right-of-use asset	581,287	-	581,287
Deposits	48,041	-	48,041
Intangible assets	36,000,000	-	36,000,000
Accounts payable	(1,960,184)	-	(1,960,184)
Insurance payable	(1,018,808)	-	(1,018,808)
Operating lease liabilities	(581,286)	-	(581,286)
Long-term debt	(16,854,781)	-	(16,854,781)
Deferred tax liability	(11,447,238)	-	(11,447,238)
Fair value of net assets acquired	\$ 36,911,739	\$ -	\$ 36,911,739
Goodwill	\$ 27,558,000	\$ -	\$ 27,558,000

	Acquisition Date Amounts Recognized as of 12/31/24	Adjustments	Acquisition Date Amounts Recognized, As Adjusted as of March 31, 2025
Purchase consideration			
Cash consideration paid	\$ 36,634,181	\$ -	\$ 36,634,181
Stock consideration issued	20,907,990	-	20,907,990
Contingent consideration – earn-out	3,095,114	-	3,095,114 ²
Total purchase price	\$ 60,637,285	\$ -	\$ 60,637,285
Allocation of purchase price			
Cash and cash equivalents	153,838	-	153,838
Accounts receivable	9,633,217	-	9,633,217
Maintenance supplies	479,012	-	479,012
Prepaid expenses and other current assets	1,309,219	-	1,309,219
Property and equipment	21,609,782	-	21,609,782
Operating right-of-use asset	1,455,919	-	1,455,919
Net investment in leases	27,389	-	27,389
Deposits	2,276,923	-	2,276,923
Intangible assets	19,300,000	-	19,300,000
Accounts payable	(5,313,958)	-	(5,313,958)
Accrued liabilities	(5,641,377)	(771,300)	(6,412,677)
Line of credit	(2,911,720)	-	(2,911,720)
Operating lease liabilities	(1,455,919)	-	(1,455,919)
Long-term debt	(7,113,187)	-	(7,113,187)
Long-term liabilities	(2,241,923)	-	(2,241,923)
Deferred tax liability	(4,714,617)	-	(4,714,617)
Fair value of net assets acquired	\$ 26,852,598	\$ (771,300)	\$ 26,081,298
Goodwill	\$ 33,784,687	\$ 771,300	\$ 34,555,987

	Acquisition Date Amounts Recognized as of 12/31/24	Adjustments	Acquisition Date Amounts Recognized, As Adjusted as of March 31, 2025
Purchase consideration			
Cash consideration paid	\$ 82,185,183	\$ -	\$ 82,185,183
Stock consideration issued	26,575,928	-	26,575,928
Total purchase price	\$ 108,761,111	\$ -	\$ 108,761,111
Allocation of purchase price			
Cash and cash equivalents	2,352,200	-	2,352,200
Accounts receivable	12,000,205	-	12,000,205
Maintenance supplies	517,235	-	517,235
Assets held for sale	74,600	-	74,600
Income Tax Receivable	2,640,127	(1,072,152)	1,567,975
Prepaid expenses and other current assets	1,787,512	-	1,787,512
Property and equipment	18,811,688	-	18,811,688
Operating right-of-use asset	305,163	-	305,163
Net investment in leases	23,813	-	23,813
Deposits	990,688	-	990,688
Other long-term assets	480,170	-	480,170
Intangible assets	36,900,000	-	36,900,000
Accounts payable	(2,379,536)	-	(2,379,536)
Accrued liabilities	(6,688,183)	-	(6,688,183)
Income tax payable	-	-	-
Finance lease liabilities	(151,298)	-	(151,298)
Operating lease liabilities	(305,163)	-	(305,163)
Long-term debt	(5,920,400)	-	(5,920,400)
Deferred tax liability	(9,938,010)	-	(9,938,010)
Fair value of net assets acquired	\$ 51,500,811	\$ (1,072,152)	\$ 50,428,659
Goodwill	\$ 57,260,300	\$ 1,072,152	\$ 58,332,452

Sierra

	Acquisition Date Amounts Recognized as of 12/31/24	Adjustments	Acquisition Date Amounts Recognized, As Adjusted as of March 31, 2025
Purchase consideration			
Cash consideration paid	\$ 17,442,396	\$ -	\$ 17,442,396
Stock consideration issued	13,949,040	-	13,949,040
Total purchase price	\$ 31,391,436	\$ -	\$ 31,391,436
Allocation of purchase price			
Cash and cash equivalents	2,963,120	-	2,963,120
Accounts receivable	5,270,200	-	5,270,200
Assets held for sale	533,587	-	533,587
Prepaid expenses and other current assets	451,624	-	451,624
Property and equipment	22,618,212	-	22,618,212
Operating right-of-use asset	805,316	-	805,316
Other long-term assets	829,489	-	829,489
Intangible assets	19,200,000	-	19,200,000
Accounts payable	(2,347,239)	-	(2,347,239)
Accrued liabilities	(5,543,557)	-	(5,543,557)
Income Tax Payable	(78,700)	-	(78,700)
Owner operator deposits	(1,245,163)	-	(1,245,163)
Lease deposits	(349,126)	-	(349,126)
Equipment obligations	(15,113,309)	-	(15,113,309)
Operating lease liabilities	(805,316)	-	(805,316)
Deferred tax liability	(6,867,476)	-	(6,867,476)
Fair value of net assets acquired	\$ 20,321,662	\$ -	\$ 20,321,662
Goodwill	\$ 11,069,774	\$ -	\$ 11,069,774

Tribeca

	Acquisition Date Amounts Recognized as of 12/31/24	Adjustments	Acquisition Date Amounts Recognized, As Adjusted as of March 31, 2025
Purchase consideration			
Cash consideration paid	\$ 10,685,499	\$ -	\$ 10,685,499
Stock consideration issued	9,000,055	-	9,000,055
Total purchase price	\$ 19,685,554	\$ -	\$ 19,685,554
Allocation of purchase price			
Cash and cash equivalents	1,661,610	-	1,661,610
Accounts receivable	5,597,701	-	5,597,701
Prepaid expenses and other current assets	1,788,257	-	1,788,257
Property and equipment	13,165,118	-	13,165,118
Operating right-of-use asset	8,142,800	-	8,142,800
Deposits	255,422	-	255,422
Intangible assets	3,500,000	-	3,500,000
Accounts payable	(2,938,060)	-	(2,938,060)
Accrued liabilities	(291,618)	-	(291,618)
Operating lease liabilities	(8,142,800)	-	(8,142,800)
Long-term debt	(10,435,842)	-	(10,435,842)
Deferred tax liability	(3,047,473)	-	(3,047,473)
Fair value of net assets acquired	\$ 9,255,115	\$ -	\$ 9,255,115
Goodwill	\$ 10,430,439	\$ -	\$ 10,430,439

Total Acquisition Date Amounts Recognized

	<u>Delta</u>	<u>Deluxe</u>	<u>Proficient Transport</u>	<u>Sierra</u>	<u>Tribeca</u>	<u>Total</u>
Purchase consideration						
Cash consideration paid	\$ 31,580,792	\$ 40,233,554	\$ 82,185,183	\$ 18,763,279	\$ 10,685,499	\$ 183,448,307
Stock consideration issued	32,888,947	20,907,990	26,575,928	13,359,045	9,000,055	102,731,965
Contingent consideration – earn-out	-	3,095,114	-	-	-	3,095,114
Total purchase price	\$ 64,469,739	\$ 64,236,658	\$ 108,761,111	\$ 32,122,324	\$ 19,685,554	\$ 289,275,386
Allocation of purchase price						
Fair value of net assets acquired	\$ 41,648,239	\$ 29,585,760	\$ 54,080,535	\$ 22,934,408	\$ 13,598,322	\$ 161,847,264
Goodwill	\$ 22,821,500	\$ 34,650,898	\$ 54,680,576	\$ 9,187,916	\$ 6,087,232	\$ 127,428,122

Total Acquisition Date Amounts Recognized, As Adjusted

	<u>Delta</u>	<u>Deluxe</u>	<u>Proficient Transport</u>	<u>Sierra</u>	<u>Tribeca</u>	<u>Total</u>
Purchase consideration						
Cash consideration paid	\$ 31,580,792	\$ 36,634,181	\$ 82,185,183	\$ 17,442,396	\$ 10,685,499	\$ 178,528,051
Stock consideration issued	32,888,947	20,907,990	26,575,928	13,949,040	9,000,055	103,321,960
Contingent consideration – earn-out	-	3,095,114	-	-	-	3,095,114
Total purchase price	\$ 64,469,739	\$ 60,637,285	\$ 108,761,111	\$ 31,391,436	\$ 19,685,554	\$ 284,945,125
Allocation of purchase price						
Fair value of net assets acquired	\$ 36,911,739	\$ 26,081,298	\$ 50,428,659	\$ 20,321,662	\$ 9,255,115	\$ 142,998,473
Goodwill	\$ 27,558,000	\$ 34,555,987	\$ 58,332,452	\$ 11,069,774	\$ 10,430,439	\$ 141,946,652

The Company recognized intangible assets as follows:

	<u>Useful Life</u>	<u>Delta</u>	<u>Deluxe</u>	<u>Proficient Transport</u>	<u>Sierra</u>	<u>Tribeca</u>	<u>Total</u>
Customer relationships	15 years	\$ 34,200,000	\$ 16,700,000	\$ 32,600,000	\$ 16,800,000	\$ 2,200,000	\$ 102,500,000
Trade names	10 years	1,800,000	2,600,000	4,300,000	2,400,000	1,300,000	12,400,000
Total		\$ 36,000,000	\$ 19,300,000	\$ 36,900,000	\$ 19,200,000	\$ 3,500,000	\$ 114,900,000

The Combinations resulted in \$141,946,652 of goodwill consisting largely of the expected synergies from combining operations as well as the value of the workforce. As a result of the types of acquisitions the Company engaged in 2024, asset, stock acquisitions, and stock acquisitions with the 338(h)(10) election made, the Company expects approximately \$120.4 million of the total goodwill reported will be tax deductible. During the measurement period, which is up to one year from the acquisition date, the Company may record adjustments to the fair value of assets acquired and liabilities assumed with the corresponding offset to goodwill. At March 31, 2025, the values are substantially complete with the exception of identifiable other intangible assets, property, income taxes and goodwill which remain open pending final review and valuations. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings. The Company recorded remeasurement adjustments of the Founding Companies as indicated in the respective entity table columns above.

Auto Transport Group Acquisition

On August 8, 2024, PAL Stock Acquiror, Inc. and PAL Merger Sub, LLC, subsidiaries of the Company, executed an Agreement and Plan of Merger (the “Merger Agreement”) with Auto Transport Group, LC, (“ATG”) pursuant to which the Company acquired all of the outstanding equity of ATG to expand the Company’s geographic presence and services offered. ATG provides vehicle transportation and shipping services in the Mountain Western region. The transaction closed on August 15, 2024. The acquisition was accounted for using the acquisition method of accounting, in accordance with ASC 805, *Business Combinations*. Proficient Auto Logistics, Inc was the accounting acquirer, and the Company elected to apply pushdown accounting. The table below presents the consideration transferred and the allocation of the total consideration to tangible and intangible assets acquired and liabilities assumed from the acquisition of ATG based on the respective fair values as of August 15, 2024 as well as the measurement period adjustments recorded as of March 31, 2025:

	Auto Transport Group	Adjustments	Acquisition Date Amounts Recognized, As Adjusted
<u>Purchase consideration</u>			
Cash consideration paid	\$ 28,938,295	\$ -	\$ 28,938,295
Stock consideration issued	20,542,136	-	20,542,136
Total purchase price	<u>49,480,431</u>	<u>-</u>	<u>49,480,431</u>
<u>Allocation of purchase price</u>			
Cash and cash equivalents	472,862	-	472,862
Accounts receivable	3,339,052	-	3,339,052
Prepaid expenses and other current assets	704,396	-	704,396
Property and equipment	11,724,000	-	11,724,000
Operating right-of-use asset	297,050	-	297,050
Net investment in leases	521,901	-	521,901
Deposits	16,355	-	16,355
Intangible assets	23,300,000	-	23,300,000
Accounts payable	(1,134,536)	-	(1,134,536)
Accrued liabilities	(300,581)	-	(300,581)
Operating lease liabilities	(297,050)	-	(297,050)
Long-term debt	(4,700,710)	-	(4,700,710)
Deferred Tax Liability	(9,056,237)	-	(9,056,237)
Fair value of net assets acquired	<u>24,886,502</u>	<u>-</u>	<u>24,886,502</u>
Goodwill	24,593,929	-	24,593,929

The Company recognized intangible assets as follows:

	<u>Useful Life</u>	<u>Auto Transport Group</u>
Customer relationships	15 years	\$ 22,200,000
Trade names	10 years	1,100,000
Total		\$ 23,300,000

The acquisition of ATG resulted in \$24,593,929 goodwill, consisting largely of the expected synergies from combining operations as well as the value of the workforce. As a result of this asset acquisition the Company engaged in 2024, no portion of the total goodwill reported will be tax deductible. During the measurement period, which is up to one year from the acquisition date, the Company may record adjustments to the fair value of assets acquired and liabilities assumed with the corresponding offset to goodwill. At December 31, 2024, the values are substantially complete with the exception of identifiable other intangible assets, property, income taxes and goodwill which remain open pending final review and valuations. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

Utah Truck & Trailer Acquisition

On November 1, 2024, PAL Stock Acquiror, Inc. purchased Utah Truck & Trailer Repair, LLC, (“UTT”), a repair facility located at the ATG headquarters terminal in Ogden, Utah. The Company purchased UTT for \$4,515,004 in an all-cash transaction to expand the Company’s ability to maintain its revenue generating fleet in the Western region of the country. In connection with this acquisition, the Company recognized \$155,458 in net tangible assets and \$4,359,546 in goodwill consisting largely of the expected synergies from combining operations as well as the value of the workforce. As a result of this asset acquisition, the Company expects all of the goodwill reported will be tax deductible. During the measurement period, which is up to one year from the acquisition date, the Company may record adjustments to the fair value of assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

Unaudited Proforma and Revenue and Earnings of Acquirees

The amounts shown below reflect the unaudited summary combined financial results of the five Founding Companies for the full three-month periods presented without any pro forma adjustments that would give effect to the completion of the IPO or any related transaction expenses or adjustments recognized as a result of the IPO and concurrent Combinations. The results of Proficient (acquiror entity) are included in the three months ended March 31, 2025 and 2024.

Dollars in 000’s	<u>Three months ended March 31,</u>	
	<u>2025</u>	<u>2024</u>
Total operating revenue	\$ 95,206	\$ 102,345
Total operating (loss) income	(2,363)	6,062

Note 4 — Goodwill

The changes in the carrying amount of goodwill and allocation to reportable segment are as follows:

	Company Drivers	Brokered	Consolidated
Balance – December 31, 2024	\$ 87,434,455	\$ 81,622,220	\$ 169,056,675
Adjustments	668,199	1,175,253	1,843,452
Balance – March 31, 2025	<u>\$ 88,102,654</u>	<u>\$ 82,797,473</u>	<u>\$ 170,900,127</u>

Note 5 — Intangible assets, net

	March 31, 2025		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships	\$ 124,700,000	\$ (6,961,111)	\$ 117,738,889
Trade names	13,500,000	(1,164,083)	12,335,917
Total	<u>\$ 138,200,000</u>	<u>\$ (8,125,194)</u>	<u>\$ 130,074,806</u>

	December 31, 2024		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships	\$ 124,700,000	\$ (4,882,778)	\$ 119,817,222
Trade names	13,500,000	(826,582)	12,673,418
Total	<u>\$ 138,200,000</u>	<u>\$ (5,709,360)</u>	<u>\$ 132,490,640</u>

There were no intangible assets, accumulated amortization or amortization expense prior to the Founding Company acquisitions in May 2024 as discussed in Note 3 above. In the three months ended March 31, 2025, amortization expense was \$2,078,330 for Customer relationships and \$337,500 for Trade names. Amortization expense related to finite lived intangible assets is included in intangible amortization expenses in the consolidated statement of operations.

As of March 31, 2025, the expected amortization expense associated with the Company's identifiable intangible assets with estimable useful lives over the next five years was as follows:

2025	\$ 7,111,111
2026	9,663,333
2027	9,663,333
2028	9,663,333
2029	9,663,333
Thereafter	84,310,363
Total	<u>\$ 130,074,806</u>

As of March 31, 2025, the weighted average amortization period for all intangible assets was 13.69 years, with 14.17 years for Customer relationships and 9.15 years for Trade names.

Note 6 — Property and equipment

Property and equipment, at cost, consist of the following as of:

	Successor	
	March 31, 2025	December 31, 2024
Land	\$ 2,220,000	\$ 2,220,000
Buildings and improvements	1,674,538	1,667,565
Furniture and equipment	356,520	403,920
Machinery and equipment	1,219,185	1,171,785
Software and computer equipment	861,193	844,410
Transportation equipment	134,248,928	131,870,528
	<u>140,580,364</u>	<u>138,178,208</u>
Less accumulated amortization and depreciation	(21,795,157)	(15,541,572)
Property and equipment, net	\$ 118,785,207	\$ 122,636,636

The Company recorded a loss on the disposal of equipment of \$8,781 and \$0 in the condensed consolidated statements of operations for the three months ended March 31, 2025 (Successor) and March 31, 2024 (Successor), respectively, and a gain on the disposal of \$235,081 in the condensed consolidated statements of operations for the three months ended March 31, 2024 (Predecessor).

Note 7 — Accrued liabilities

Accrued liabilities consist of the following as of:

	Successor	
	March 31, 2025	December 31, 2024
Deferred leased to purchase payments	\$ 5,733,257	\$ 4,578,301
Accrued purchased transportation	3,907,062	3,149,849
Claims, insurance and litigation reserves	3,407,982	5,721,891
Salaries, wages and benefits	2,762,861	2,888,204
Owner Operator Deposits	2,314,174	2,315,214
Other accrued expenses	4,624,856	3,173,060
Accrued liabilities	\$ 22,750,192	\$ 21,826,519

Note 8 — Income taxes

The income tax provision differs from the amount determined by applying the U.S. federal tax rate as follows:

	Successors Three months ended March 31, 2025	Predecessor Three months ended March 31, 2024
Federal (benefit) tax at statutory rate (21%)	\$ (817,804)	\$ 330,437
State taxes, net of federal benefit	(29,929)	55,230
Permanent differences to return	116,384	0
Other Discrete	28,728	3,211
Total income tax (benefit) expense	\$ (702,621)	\$ 388,878

The Company's tax year 2024 and the Founding Companies' tax years 2020 and forward remain subject to examination by federal and state jurisdictions. The Company and Founding Companies are not currently under an IRS examination as of the date these financials were available to be issued.

The Company has no uncertain tax positions.

Note 9 — Line of credit

On November 8, 2024, Proficient entered into a credit facility with a commercial bank that includes up to \$25 million in term debt and up to another \$20 million in a revolving line of credit with a maturity date of November 8, 2029. The term debt portion bears interest at the Secured Overnight Financing Rate (“SOFR”), plus 2.50%, with interest only payments for the first six months and the balance at the end of six months with principal amortizing over the ensuing five years with 60 monthly payments. Drawn balances from the revolving line of credit bear interest at SOFR, plus 2.20%, with all principal and interest to be repaid at the end of five years. The amount available to be drawn from the line of credit at any point in time is based on a percentage of consolidated accounts receivable and inventory reported by Proficient and its subsidiaries subject to certain conditions, including limitations on the aging of invoices over 90 days, and maximum customer concentration. The amount available to be drawn under the line of credit was \$12 million at March 31, 2025. At March 31, 2025, there was \$8,000,000 outstanding on the revolving line of credit. The term debt includes financial covenants that include maximum leverage (debt / adjusted EBITDA) and debt service coverage ratio (total principal and interest / adjusted EBITDA). As of March 31, 2025, Proficient was in compliance with its debt covenants. Collateral for the facility includes Accounts Receivable balances owed to the Company, and truck maintenance inventory. Upon closing, the Company drew \$16.0 million from the available term debt, a portion of which was used to repay and terminate the Proficient Transport line of credit. Balances outstanding on the term debt are included in the Long-term debt, less current portion caption on the consolidated balance sheets.

Note 10 — Long-term debt

	March 31, 2025	December 31, 2024
Equipment and vehicle notes payable to financial institutions, requiring monthly principal and interest payments totaling \$1,749,805. The notes bear interest ranging from 2.95% to 13.0%, mature between April 2025 to December 2030 and are secured by the Company’s transportation equipment and vehicles.	\$ 55,703,855	\$ 59,740,532
Term Loan payable to Pinnacle Bank, requiring principal payments of \$266,667 per month commencing June 2025. The notes bear interest at SOFR (Currently 4.49%) +2.5% margin per month and mature April 2031. ¹	15,915,321	16,000,000
	71,619,176	75,740,532
Less: unamortized debt issuance costs	(331,802)	(350,718)
Less: current maturities	(18,333,690)	(19,052,903)
Total long-term debt	\$ 52,953,684	\$ 56,336,911

(1) The Term Loan and Line of Credit includes financial covenants that include maximum leverage (debt / adjusted EBITDA) and debt service coverage ratio (total principal and interest / adjusted EBITDA), both measured quarterly.

Future maturities of long-term debt are as follows:

For the year ending December 31:

2025	\$ 14,516,189
2026	15,530,719
2027	13,904,456
2028	11,861,998
2029 and thereafter	15,805,814
Total	\$ 71,619,176

The Company capitalized debt issuance costs of \$0 during the period ended March 31, 2025 and March 31, 2024. Amortization expense related to the debt issuance costs totaled \$18,914, \$0 and \$3,279 for the three months ended March 31, 2025 (Successor), three months ended March 31, 2024 (Successor) and the three months ended March 31, 2024 (Predecessor), respectively, and was recorded within interest expense on the condensed consolidated statements of operations.

Note 11 — Leases

Lessee — The following table presents certain information related to lease costs for finance and operating leases as of:

	Successor		Predecessor
	Three months ended March 31, 2025	Three months ended March 31, 2024	Three months ended March 31, 2024
Operating lease cost	\$ 669,492	\$ -	\$ 18,733
Finance lease costs:			
Amortization of finance lease assets	17,171	-	119,410
Interest on lease liabilities	2,732	-	42,966
Short-term lease costs	181,717	-	34,521
Total lease costs	\$ 871,112	\$ -	\$ 215,630

As of March 31, 2025 (Successor), March 31, 2024 (Successor) and March 31, 2024 (Predecessor), the weighted-average discount rate for operating leases was 6.88%, 0% and 6.71%, respectively. The weighted-average remaining lease term as of March 31, 2025 (Successor), March 31, 2024 (Successor) and March 31, 2024 (Predecessor), was 7.7, 0 and 4.67 years, respectively. As of March 31, 2025 (Successor) March 31, 2024 (Successor) and March 31, 2024 (Predecessor), the weighted-average discount rate for finance leases was 12.08%, 0% and 9.22%, respectively and the weighted-average remaining lease term was less than a year, 0 and 1.03 years, respectively.

As of March 31, 2025 (Successor), future maturities of the lease liabilities were as follows:

	Operating leases	Finance leases
For the year ending December 31:		
2025	\$ 1,896,847	\$ 72,101
2026	1,885,483	8,011
2027	1,515,781	—
2028	1,569,744	—
2029	1,501,591	—
Thereafter	5,285,601	—
Total undiscounted cash flows	13,655,047	80,112
Less: present value factor	(3,007,206)	(3,887)
Total lease liabilities	10,647,841	76,225
Less: current portion –	(1,869,592)	—
Total long-term lease liabilities	\$ 8,778,249	\$ 76,225

Lessor — The Company finances various types of transportation-related equipment to independent third parties under lease contracts which are generally for a term of one to eight years and contain an option for the lessee to return or purchase the equipment at a bargain purchase price. The Company classifies these leases as a sales-type lease. The Company assesses a third party's ability to pay based on the financial capacity and intention to pay, considering all relevant facts and circumstances, including past experiences with that third party or similar third parties. For those leases classified as sales-type leases where collectability is not probable at lease commencement, the Company does not derecognize the underlying asset, and the payments received for these leases are recorded as deferred leased to purchase payments. This deferred revenue of \$5,733,257 and \$4,578,301 is reported in accrued liabilities on the consolidated balance sheet as of March 31, 2025 and December 31, 2024, respectively. The determination of collectability is an ongoing assessment, at the time that collectability is determined probable, including in instances where a lease is terminated where collectability is determined probable, the liability and assets will be derecognized with a corresponding earnings recognition.

Lease receivables are carried at the aggregate of lease payments receivable plus the estimated residual value of the leased assets and any initial direct costs incurred to originate these leases, less unearned income, which is accreted to interest income over the lease term using the interest method. Lease receivables of \$374,841 and \$441,177 are reported as net investment in leases on the consolidated balance sheet as of March 31, 2025 and December 31, 2024, respectively.

For the three months ended March 31, 2025 (Successor), the three months ended March 31, 2024 (Successor), and for the three months ended March 31, 2024 (Predecessor), the Company recorded sales-type lease revenue of \$702,643, \$0, and \$125,445, respectively, within operating revenue on the condensed consolidated statement of operations.

For the three months ended March 31, 2025 (Successor), the three months ended March 31, 2024 (Successor), and for the three months ended March 31, 2024 (Predecessor), the Company recorded interest income of, \$12,396, \$0 and \$213, respectively, within interest expense, net on the condensed consolidated statements of operations.

As of March 31, 2025 (Successor), future minimum lease payments expected to be collected were as follows:

For the year ending December 31:

2025	\$ 224,595
2026	157,755
2027	29,880
2028	—
Total undiscounted cash payments	<u>412,230</u>
Less: present value factor	<u>(37,389)</u>
Total net investment in lease	374,841
Less: current portion	<u>(253,109)</u>
Total net investment in lease, less current portion	<u><u>\$ 121,732</u></u>

Note 12 — Stockholders' Equity

The Company is authorized to issue 50,000,000 shares of common stock, which has a par value of \$0.01 per share.

In May 2024, the Company completed its IPO of its common stock and issued 14,333,333 shares of its common stock at a price of \$15.00 per share for total gross proceeds of \$215,000,000 and net proceeds of \$ 192,273,599 after underwriting fees and transaction costs.

The Company issued 6,888,128 shares of its common stock to the Founding Companies in connection with the Combinations and 1,069,346 common shares to the ATG Sellers. Please see Note 3 for additional information.

In May 2024, the Company issued 404,177 shares of common stock for vested RSU's.

In connection with its IPO, the Company granted the underwriters of its IPO a customary 30-day over-allotment option to buy up to an additional 2,149,999 shares of common stock from the Company at the IPO price, less underwriting discounts and commissions. In June 2024, the Company issued 1,435,000 shares of its common stock pursuant to the partial exercise of the over-allotment option. The shares were sold at the initial public offering price of \$15.00 per share for total gross proceeds of \$21,500,000 and net proceeds of \$20,018,250 after underwriting fees and transaction costs. All of the shares of common stock were sold by the Company.

Note 13 — Stock-based compensation

In May 2024, the Company adopted its 2024 Long-Term Incentive Plan ("the 2024 Plan"). The 2024 Plan provides for the grant of incentive stock options ("ISOs") to employees, including employees of any parent or subsidiary, and for the grant of nonstatutory stock options ("NSOs"), stock appreciation rights, restricted stock awards, restricted stock unit awards, performance awards and other forms of stock awards to employees and directors, including employees of our affiliates. After taking into account restricted stock units granted in connection with the IPO in concurrent business combinations (Note 3), the maximum number of shares of our common stock that may be issued under our 2024 Plan is 3,260,000 shares.

The awards under the 2024 Plan vest over periods ranging between one (1) and five (5) years after the grant date. The Company uses straight line vesting to record compensation expense. All awards granted are settled in common stock.

If an employee terminates employment with the Company prior to awards vesting, the unvested awards are forfeited and the historical compensation expense is reversed in the period of termination.

Shares subject to stock awards granted under the 2024 Plan that expire or terminate do not reduce the number of shares available for issuance under the 2024 Plan. Additionally, shares become available for future grants under the 2024 Plan if they were stock awards issued under the 2024 Plan and we repurchase them or they are forfeited. This includes shares used to pay the exercise price of a stock award or to satisfy the tax withholding obligations related to a stock award. As at December 31, 2024, there were 1,043,656 remaining shares available to be issued under the 2024 Plan.

Restricted Stock Units

Total compensation expense related to these restricted stock awards was \$1,183,009 for the three month period ended March 31, 2025. As of March 31, 2025, there was a total of \$15,111,733 of unrecognized compensation expense related to these restricted stock awards, which is expected to be recognized over the next four years. The fair value of restricted stock awards is valued at the closing price of the Company's common stock on the day preceding a grant.

A summary of all restricted stock/units outstanding as of March 31, 2025, and activity during the three month period ended March 31, 2025, is presented below:

	Number of Shares	Weighted Average Grant Date Fair Value	Total Grant Date Fair Value	Weighted Average Remaining Contractual Life (years)
Outstanding, December 31, 2024	1,264,459	\$ 15.06	\$ 19,041,263	3.72
Granted	24,460	\$ 9.22	223,272	
Vested	-	\$ -	-	
Canceled/Forfeited	(18,007)	\$ 8.33	(149,998)	
Outstanding, March 31, 2025	1,270,912	\$ 15.04	\$ 19,114,537	3.42

Note 14 — Segment reporting

The Company's business is organized into two operating segments, which represent the Company's reportable segments. The Company Drivers segment offers automobile transport and contract services under an asset-based model. The Company's contract service offering devotes the use of equipment to specific customers and provides transportation services through long-term contracts. The Company's Subhaulers segment offers transportation services utilizing an asset-light model focusing on outsourcing transportation of loads to third-party carriers.

The following table summarizes information about our reportable segments:

Successor

Three Months Ended March 31, 2025	Company Drivers	Subhaulers	Total
Revenue			
Revenue, before fuel surcharge	\$ 30,476,339	\$ 57,138,789	\$ 87,615,128
Fuel surcharge and other reimbursements	1,349,583	4,078,257	5,427,840
Other Revenue	848,496	457,249	1,305,745
Lease Revenue	-	857,308	857,308
Segment Revenue	\$ 32,674,418	\$ 62,531,603	\$ 95,206,021
<i>Reconciliation of revenue:</i>			
Other revenues(2)			-
Total consolidated			\$ 95,206,021
Less:			
Salaries, wages and benefits	11,958,490	5,676,015	17,634,505
Fuel and fuel taxes	6,065,255	-	6,065,255
Purchased transportation	-	47,208,843	47,208,843
Truck expenses	5,849,846	-	5,849,846
Depreciation	4,726,540	1,752,848	6,479,388
Other segment items(1)	3,626,262	3,858,505	7,484,767
Segment Operating profit/(loss)	\$ 448,025	\$ 4,035,392	\$ 4,483,417
<i>Reconciliation of segment operating profit to income before income taxes:</i>			
Other profit/(loss)(2)			\$ (6,845,925)
Interest Expense			(1,570,920)
Acquisition Costs			(37,102)
Other Income, net			76,224
Income Before Income Taxes			\$ (3,894,306)
Other Segment Disclosures:			
Depreciation and amortization(3)	\$ 4,726,540	\$ 1,752,848	\$ 6,479,388
Intangible amortization(2)			2,415,830
Consolidated Depreciation and Amortization			\$ 8,895,218

(1) Other segment items for each reportable segment include General, selling, and other operating expenses, Gain on sale of equipment and Insurance premiums and claims.

(2) Other profit/(loss) relates to items not included within the Company's measure of Segment Operating profit / (loss), these include corporate and unallocated expenses which were not included within the measures of segment profitability regularly reviewed by the CODM. These include \$1,653,598 in Salaries, wages and benefits, \$1,183,009 in Stock Based Compensation, \$9,191 in Depreciation and amortization, \$2,415,830 in Intangible Amortization, \$277,570 in Insurance Premiums and Claims, and \$1,306,727 in General Selling, and other Operating expenses.

(3) The amounts of depreciation and amortization disclosed by reportable segment are included within the other segment items captions.

Predecessor

Three Months Ended March 31, 2024	Company Drivers	Subhaulers	Total
Revenue			
Revenue, before fuel surcharge	\$ 4,434,719	\$ 21,919,969	\$ 26,354,688
Fuel surcharge and other reimbursements	169,880	1,176,579	1,346,459
Lease Revenue	-	125,445	125,445
Segment Revenue	\$ 4,604,599	\$ 23,221,993	\$ 27,826,592
Total consolidated			\$ 27,826,592
Less:			
Salaries, wages and benefits	2,316,770	2,170,593	4,487,363
Fuel and fuel taxes	762,922	-	762,922
Purchased transportation	-	17,486,378	17,486,378
Truck expenses	1,114,821	-	1,114,821
Depreciation & Amortization	597,041	42,296	639,337
Other segment items ⁽¹⁾	350,562	959,309	1,309,871
Segment Operating profit/(loss)	\$ (537,517)	\$ 2,563,417	\$ 2,025,900
<i>Reconciliation of segment operating profit to income before income taxes:</i>			
Interest Expense			(452,390)
Other Income, net			-
Income Before Income Taxes			\$ (452,390)
Other Segment Disclosures:			
Depreciation and amortization ⁽³⁾	\$ 597,041	\$ 42,296	\$ 639,337
Consolidated Depreciation and Amortization			\$ 639,337

(1) Other segment items for each reportable segment include General, selling, and other operating expenses, Gain on sale of equipment and Insurance premiums and claims.

(2) The amounts of depreciation and amortization disclosed by reportable segment are included within the other segment items captions.

Note 15 — Loss per share

Basic loss per share is based upon the weighted average common shares outstanding during each year. Diluted loss per share is based on the basic weighted earnings per share with additional weighted common shares for common stock equivalents. During the three months ended March 31, 2025, the Company had outstanding restricted shares of common stock to certain of our employees and directors, under the Company's restricted stock award plans. The diluted shares include the dilutive effect of restricted stock units based on the treasury stock method.

A reconciliation of the numerator (net loss) and denominator (weighted average number of shares outstanding of the basic loss per share) for the three months ended March 31, 2025 and 2024 is as follows:

	Three months ended March 31, 2025	Three months ended March 31, 2024
Numerator:		
Net Loss	\$ (3,191,685)	\$ (309,878)
Denominator:		
Weighted-Average Number of Shares of Common Stock	27,069,114	2,939,130
Basic Loss per Share	\$ (0.12)	\$ (0.11)

The Company excluded 1,214,132 and 0 of RSU's from the computation of weighted-average number of shares of common stock in computing the diluted loss per share for the periods presented because including them would have had an anti-dilutive effect for the three months ended March 31, 2025 (Successor) and for the three months ended March 31, 2024 (Successor), respectively.

Note 16 — Commitments and contingencies

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, and physical and cargo damage. The Company expenses legal fees as incurred and accrues for the uninsured portion of contingent losses from these and other pending claims when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. It is at least reasonably possible that the effect on the financial statements of significant estimates involving contingencies will change within one year of the date of the financial statements due to one or more future confirming events. If such changes occur, they could be material to the financial statements. The Company has disclosed all significant estimates and assumptions that could potentially be affected by future confirming events.

Independent Contractors Misclassification Class Action

In May 2020, a Brokered employee filed claim against Sierra Mountain Group, Inc. and an officer of the Company in Sacramento County Superior Court in California. The putative class alleges that Sierra misclassified owner/operators as independent contractors, not as employees, in violation of the California Labor Code applicable to employees (meal and rest breaks, minimum wage, etc.). Sierra denies liability and filed a counterclaim against the Plaintiff for costs and attorneys' fees.

In August 2023, all parties reached an agreement on material settlement terms and signed a Memorandum of Understanding pursuant to which the defined class would be paid approximately \$4,000,000 pending approval of a long-term settlement agreement currently in process. On October 16, 2024, the court signed and entered the final approval order for the class action for \$3,947,725, which the Company paid on November 20, 2024. An indemnity escrow established at the time of the Combinations included amounts to cover this liability.

Former Employee Class Action

In May 2024, a former employee filed claim against Deluxe Auto Carriers, Inc., in Riverside County Superior Court in California. The putative class alleges that Deluxe failed to pay for meal and rest periods for time worked, off the clock work, overtime, business expenses, itemized wage statements, among other things. The Company is still evaluating this contingency and has included its best estimate of potential liability within accrued liabilities on the consolidated balance sheet as of December 31, 2024. We believe we are entitled to indemnification from the sellers of Deluxe for the potential liability relating to this contingency.

Delinquent Filings with Department of Labor

Deluxe Auto Carriers, Inc. was delinquent in its filings with the Department of Labor (DOL) with respect to its Retirement Plan Information Returns for plan years 2019 through 2022. As of December 31, 2024, all delinquent filings had been made. These delinquencies could result in penalties and interest from the DOL and the Internal Revenue Service (IRS). We have not received any notices from the DOL or the IRS regarding the delinquent filings, therefore, the Company does not have a reasonable estimate for any additional potential penalties or interest. We believe we are entitled to indemnification from the sellers of Deluxe for the potential liability relating to this contingency.

Note 17 — Subsequent events

On April 1, 2025, PAL Stock Acquiror, Inc. purchased Brother Auto Transport, ("BAT"), which provides vehicle transportation and shipping services in the Northeast and MidAtlantic regions of the country utilizing a fleet of 110 tractors and trailers.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE THREE MONTHS ENDED MARCH 31, 2025

Special Note Regarding Forward-Looking Statements

The following discussion and analysis should be read in conjunction with the condensed consolidated financial statements and the related notes of Proficient and Proficient Transport included elsewhere in this Quarterly Report on Form 10-Q for the three months ended March 31, 2025 (the "Quarterly Report") and the consolidated financial statements and related notes of Proficient and Proficient Transport for the year ended December 31, 2024 included in Proficient's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 31, 2025 (the "Annual Report").

Unless otherwise indicated, the terms the "Company," "we," "us" and "our" refer to Proficient Auto Logistics, Inc. and its subsidiaries as a whole, after giving effect to the Combinations.

This Quarterly Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to possible or assume future results of our business, financial condition, results of operations, liquidity, plans and objectives. You can generally identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions that concern our expectations, strategy, plans or intentions. We have based these forward-looking statements largely on our current expectations and projections regarding future events and trends that we believe may affect our business, financial condition and results of operations. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section entitled "Risk Factors" in this Quarterly Report and the Annual Report, and elsewhere in this Quarterly Report and the Annual Report. Accordingly, you should not rely upon forward-looking statements as predictions of future events. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those projected in the forward-looking statements. Forward-looking statements contained in this Quarterly Report include, but are not limited to, statements regarding:

- the economic conditions in the global markets in which we operate;
- our ability to successfully implement our business strategy, effectively respond to changes in market dynamics and customer preferences, and achieve the anticipated benefits and associated cost savings of such strategies and actions;
- our ability to recruit and retain qualified driving associates, independent contractors and third-party auto transportation and logistics companies;
- our expectations regarding the successful implementation of the Combinations and other acquisitions;
- geopolitical developments and additional changes in international trade policies and relations;
- the effect of any international conflicts or terrorist activities, including the current conflict between Russia and Ukraine, on the United States and global economies in general, the transportation industry, or us in particular, and what effects these events will have on our costs and the demand for our services;
- our ability to manage our network capacity and cost structure for capital expenditures and operating expenses, and match it to shifting and future customer volume levels;
- our ability to compete effectively against current and future competitors;
- our dependence on the automotive industry, which is directly affected by such external factors as general economic conditions in the United States, Canada and Mexico, trade policies, including tariffs, unemployment rates, labor shortages or strikes, consumer confidence, government policies, continuing activities of war, terrorist activities and the availability of affordable new car financing;

- our ability to maintain our profitability despite quarterly fluctuations in our results, whether due to seasonality, large cyclical events, or other causes; and our future financial and operating results;
- our expectations regarding the period during which we will qualify as an emerging growth company under the JOBS Act; and
- the sufficiency of our existing cash to fund our future operating expenses and capital expenditure requirements.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Quarterly Report. In addition, in light of certain risks and uncertainties, the matters referred to in the forward-looking statements contained in this Quarterly Report may not occur. The forward-looking statements made in this document relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Business Overview

We are a leading specialized freight company focused on providing auto transportation and logistics services. Formed in connection with the IPO through the combination of five industry-leading operating companies, we operate one of the largest auto transportation fleets in North America based upon information obtained from leadership of the Auto Haulers Association of America, utilizing roughly 1,250 auto transport vehicles and trailers on a daily basis, including approximately 831 Company-owned transport vehicles and trailers, and employing 730 dedicated employees as of March 31, 2025. From our 50 strategically located facilities across the United States, we offer a broad range of auto transportation and logistics services, primarily focused on transporting finished vehicles from automotive production facilities, marine ports of entry or regional rail yards to auto dealerships around the country. We have developed a differentiated business model due to our scale, breadth of geographic coverage and embedded customer relationships with leading auto original equipment manufacturing companies (“OEMs”). Our customers include nearly all of the global auto manufacturing companies. Additional customers include auto dealers, auto auctions, rental car companies and auto leasing companies.

Description of the Combinations

On December 21, 2023, Proficient Auto Logistics, Inc. entered into agreements to acquire in multiple, separate acquisitions five operating businesses and their respective affiliated entities, as applicable: (i) Delta, (ii) Deluxe, (iii) Sierra, (iv) Proficient Transport, and (v) Tribeca. On May 13, 2024, the Company completed its IPO of its common stock, and in connection with the closing of the IPO, the Company also completed the acquisitions of all of the Founding Companies. The Founding Companies were acquired for approximately \$178.5 million in cash and 6,978,191 shares of our common stock (provided, that 541,866 of these shares of common stock were held back and were not be issued at the closing of the Combinations to satisfy the indemnification obligations of certain of the Founding Companies for a period of twelve months following the closing of the Company’s IPO). Thereafter, on August 16, 2024, the Company acquired ATG for approximately \$28.9 million in cash and 1,069,346 shares of our common stock. Subsequently on November 1, 2024, the Company acquired Utah Truck & Trailer Repair, LLC, (“UTT”), a repair facility located at the ATG headquarters terminal in Ogden, Utah for \$4.5 million in cash. These acquisitions expanded the Company’s geographic presence and services offered. The Combinations and subsequent acquisitions are accounted for as business combinations under ASC 805. Under this method of accounting, Proficient Auto Logistics, Inc. is treated as the “accounting acquirer.”

Proficient Auto Logistics, Inc. has been identified as the designated accounting acquirer (“Successor”) of each of the Founding Companies and Proficient Transport has been identified as the designated accounting predecessor (“Predecessor”) to the Company. As a result, Management’s Discussion And Analysis Of Results Of Operations And Financial Condition For The Three Months Ended March 31, 2025 and March 31, 2024 for each of Proficient and Proficient Transport are included in this Quarterly Report on Form 10-Q. A black-line between the Successor and Predecessor periods has been placed in the financial tables below to highlight the lack of comparability between these two periods. Please refer to Note 3, “Business Combinations.”

Financial Statement Components

Revenue

We generate revenue by transporting autos for our customers in our OEM contract and spot arrangements, secondary market auto moves, and our contract services arrangements. Our OEM contract and spot arrangements provide auto transportation and logistics services through movements of autos over routes across the United States. Secondary market auto moves are for customers other than OEMs. Our contract services offering devotes the use of equipment to specific customers and provides services through long-term contracts. Our business provides services that are geographically diversified but have similar economic and other relevant characteristics, as they all provide transportation and logistics of automobiles.

We are typically paid a predetermined rate per unit for our Company Drivers services. Consistent with industry practice, our typical customer contracts do not guarantee load levels or tractor availability. This gives us and our customers a certain degree of flexibility in response to changes in auto demand and truck capacity.

Generally, we receive fuel surcharges on the miles moved for which we are compensated by customers. Fuel surcharges revenue mitigates the effect of price increases over a negotiated base rate per gallon of fuel; however, these revenues may not fully protect us from all fuel price increases.

We monitor as key operating metrics average revenue per unit and average revenue per loaded mile, as applicable to the portions of our business that contract on each of these bases.

Operating Expenses

Our most significant operating expenses vary with miles traveled and include (i) fuel and fuel taxes, (ii) driver related expenses, such as salaries, wages, benefits, training and recruitment, (iii) the cost of purchased transportation that we pay to third-party carriers and (iv) maintenance of our fleet. Expenses that have both fixed and variable components include maintenance and tire expense and our total cost of insurance and claims. These expenses generally vary with the miles we travel, but also have a controllable component based on safety, fleet age, efficiency and other factors. Our main fixed costs include depreciation of long-term assets, such as revenue equipment and service center facilities, the compensation of non-driver personnel and other general and administrative expenses.

Critical Accounting Policies and Estimates

In the ordinary course of business, we have made a number of estimates and assumptions relating to the reporting of results of operations and financial position in the preparation of our financial statements in conformity with GAAP. Actual results could differ significantly from those estimates under different conditions. We believe that the following discussion addresses our most critical accounting policies, which are those that are most important to the portrayal of our financial condition and results of operations and require management's most subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. See Note 2 of the accompanying condensed consolidated financial statements of the Company for additional information about our critical accounting policies and estimates .

Property and equipment

Property and equipment are carried at cost. Depreciation of property and equipment is computed using the straight-line method for financial reporting purposes and accelerated methods for tax purposes over the estimated useful lives of the related assets (net of estimated salvage value or trade-in value). We generally use estimated useful lives of five to ten years for trucks and trailers, classified as transportation equipment. The depreciable lives of our revenue equipment represent the estimated usage period of the equipment, which may be less than the economic lives.

Periodically, we evaluate the useful lives and salvage values of our revenue equipment and other long-lived assets based upon, but not limited to, our experience with similar assets including gains or losses upon dispositions of such assets, conditions in the used equipment market and prevailing industry practices. Changes in useful lives or salvage value estimates, or fluctuations in market values that are not reflected in our estimates, could have a material impact on our financial results. We review our property and equipment whenever events or circumstances indicate the carrying amount of the asset may not be recoverable. An impairment loss equal to the excess of carrying amount over fair value would be recognized if the carrying amount of the asset is not recoverable.

Business Combinations — The Company accounts for business combinations using the acquisition method pursuant to ASC 805, Business Combinations. For each acquisition, the Company recognizes the assets acquired and liabilities assumed at their respective fair values as of the acquisition date. Valuations of certain assets acquired, including customer relationships, developed technology and trade names involve significant judgment and estimation. The Company uses independent valuation specialists to help determine fair value of certain assets and liabilities. Valuations utilize significant estimates, such as forecasted revenues and profits. Changes in these estimates could significantly impact on the value of certain assets and liabilities. ASC 805 establishes a measurement period to provide the Company with a reasonable amount of time to obtain the information necessary to identify and measure various items in a business combination and cannot extend beyond one year from the acquisition date. Measurement period adjustments are recognized in the reporting period in which the adjustments are determined and calculated as if the accounting had been completed as of the acquisition date. The Company expects to complete the final fair value determination of the assets acquired and liabilities assumed as soon as practicable within the measurement period, but not to exceed one year from the acquisition date.

Goodwill — Goodwill is recorded when the purchase price paid in a business combination exceeds the fair value of assets acquired and liabilities assumed. Goodwill is reviewed for impairment on an annual basis, or upon an occurrence of an event or changes in circumstances that indicate that the carrying value may not be recoverable. In the absence of any indications of potential impairment, the evaluation of goodwill is performed during the fourth quarter of each year.

Goodwill impairment is the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. When testing goodwill for impairment, the Company may first perform a qualitative assessment to determine whether the fair value of a reporting unit is less than its carrying amount. The Company then completes a quantitative impairment test if the qualitative assessment indicates that it is more likely than not that the reporting unit's fair value is less than the carrying value of its assets. If the estimated fair value of the reporting unit exceeds the carrying value, goodwill is not considered impaired, and no additional steps are needed. If, however, the fair value of the reporting unit is less than its carrying value, then the amount of the impairment loss is the amount by which the reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill.

Income taxes — Income taxes are accounted for under the asset-and-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income or expense in the period that includes the enactment date.

We evaluate the need for a valuation allowance on deferred tax assets based on whether we believe that it is more likely than not all deferred tax assets will be realized. A consideration of future taxable income is made as well as on-going prudent feasible tax planning strategies in assessing the need for valuation allowances. In the event it is determined all or part of a deferred tax asset would not be able to be realized, management would record an adjustment to the deferred tax asset and recognize a charge against income at that time.

Our estimates of the potential outcome of any uncertain tax issue is subject to our assessment of relevant risks, facts and circumstances existing at that time. We account for uncertain tax positions in accordance with Accounting Standards Codification ("ASC") 740, Income Taxes, and record a liability when such uncertainties meet the more likely than not recognition threshold. Potential accrued interest and penalties related to unrecognized tax benefits are recognized as a component of income tax expense.

Reportable Segments

Our business is organized into two operating segments, Company Drivers and Subhaulers, which represent the Company's reportable segments. The Company Drivers segment offers automobile transport and contract services under an asset-based model. The Company's contract service offering devotes the use of equipment to specific customers and provides transportation services through long-term contracts. The Company's Subhaulers segment offers transportation services utilizing an asset-light model focusing on outsourcing transportation of loads to third-party carriers.

Company Drivers Segment

In our Company Drivers Segment, we generate revenue by transporting autos for our customers in our OEM contract and spot arrangements, secondary market auto moves, and our contract services arrangements. Our OEM contract and spot arrangements provide auto transportation and logistics services through movements of autos over routes across the United States. Secondary market auto moves are for customers other than OEMs. Our contract services offering devotes the use of equipment to specific customers and provides services through long-term contracts. Our Company Drivers segment provides services that are geographically diversified but have similar economic and other relevant characteristics, as they all provide Company Drivers carrier services of automobiles. The main factors that affect operating revenue in the Company Drivers Segment are the average revenue per unit received from customers and the number of vehicles transported.

We are typically paid a predetermined rate per unit for our Company Drivers services. Our executed contracts contain fixed terms and rates and are often used by our customers with high-service and high-priority freight. We continually strive to increase our revenues derived from contracts as a percentage of total revenue by continuing to build upon our existing relations and acquire new relations with OEMs.

Our contracts with customers in the Company Drivers segment generally include a fuel surcharge to account for fluctuating fuel prices. Built into our predetermined contract rates with each customer is a baseline fuel price and when fuel prices rise above this baseline price our customers compensate us for the variance in the form of additional revenue. If fuel prices drop below the baseline price, we may in turn owe our customers this variance and record a discount. This additional revenue/discount is represented on the Fuel Surcharge and Other Reimbursements line in our condensed consolidated financial statements.

In our Company Drivers segment, our most significant operating expenses vary with miles traveled and include (i) fuel, and (ii) driver related expenses, such as wages, benefits, training and recruitment. Expenses that have both fixed and variable components include maintenance and tire expense and our total cost of insurance and claims. These expenses generally vary with the miles we travel, but also have a controllable component based on safety, fleet age, efficiency and other factors. Our main fixed costs include depreciation of long-term assets, such as trucks and trailers (to which we refer as revenue equipment) and service center facilities, the compensation of non-driver personnel and other general and administrative expenses.

Our Company Drivers segment requires substantial capital expenditures for purchase of new revenue equipment. We use a combination of financing leases and secured long-term debt to acquire revenue equipment. When we finance revenue equipment acquisitions with either finance leases or long-term debt, the asset and liability are recorded on our consolidated balance sheet, and we record expense under "Depreciation" and "Interest expense." We expect our depreciation and interest expense will be impacted by changes in the percentage of our revenue equipment acquired in any given year

Subhaulers Segment

In our Subhaulers Segment, we generate revenue by utilizing our independent owner operators (who run under our DOT authority) and independent third-party carriers to assist in transporting autos for our customers in our OEM contract and spot arrangements, and secondary market auto moves. We maintain the customer relationship, including billing and collection, but outsource the transportation of the loads. The main factors that affect operating revenue in our Subhaulers segment are our customers' excess inventory needs, the rates we obtain from customers, the auto volumes we ship through the subhaulers segment and our ability to secure these carriers.

The most significant expense of our Subhaulers segment, which is primarily variable, is the cost of purchased transportation that we pay to third-party carriers and is included in the "Purchased transportation" line item. This expense generally varies directly with the amount of Subhauler revenue, rates charged by third party carriers and current demand and customer shipping needs. Other operating expenses are generally fixed and primarily include the compensation and benefits of non-driver personnel (which are recorded in the "Salaries, wages and benefits" line item).

The primary performance indicator in our Subhaulers segment is operating margin (subhauler operating revenue, less subhauler operating expenses, as a percentage of subhauler operating revenue). Operating margin can be impacted by the rates charged to customers and the rates paid to third-party carriers.

Non-GAAP Financial Measures

We report our financial results in accordance with accounting principles GAAP. However, management believes that EBITDA and Operating Ratio provide useful information in measuring our operating performance, generating future operating plans and making strategic decisions regarding allocation of capital. Management believes this information presents helpful comparisons of financial performance between periods by excluding the effect of certain non-recurring items.

EBITDA and Operating Ratio do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other companies, and it should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

EBITDA is defined as net income (loss) for the period adjusted for interest expense, income tax expense (benefit) and depreciation expense and intangible amortization expense.

Adjusted EBITDA represents net income (loss) plus interest expense, income tax expense (benefit), depreciation expense, intangible amortization expense, and share-based compensation expenses.

The following table provides a reconciliation of net income, the most closely comparable GAAP financial measure, to EBITDA and Adjusted EBITDA:

	Successor		Predecessor
	Three months ended March 31, 2025	Three months ended March 31, 2024	Three months ended March 31, 2024
Total operating revenue	\$ 95,206,021	\$ —	\$ 27,826,592
Net (loss) income	\$ (3,191,685)	\$ (309,878)	\$ 1,184,632
Add Back:			
Interest expense	1,570,920	—	452,390
Income tax (benefit) expense	(702,621)	—	388,878
Depreciation	6,488,579	—	639,337
Intangible amortization	2,415,830	—	—
EBITDA	<u>\$ 6,581,023</u>	<u>\$ (309,878)</u>	<u>\$ 2,665,237</u>
EBITDA Margin	6.9%	0%	9.6%
Add Back:			
Stock-based compensation	1,183,009	—	—
Adjusted EBITDA	<u>\$ 7,764,032</u>	<u>\$ (309,878)</u>	<u>\$ 2,665,237</u>
Adjusted EBITDA Margin	8.2%	0%	9.6%

Operating ratio is calculated as total operating expenses as a percentage of operating revenue.

Adjusted operating ratio is calculated as total operating expenses reduced for share-based compensation expense and amortization of intangibles as a percentage of operating revenue.

The following table provides a reconciliation of total operating revenue and operating (loss) income, to operating margin and adjusted operating margin:

	Successor		Predecessor
	Three months ended March 31, 2025	Three months ended March 31, 2024	Three months ended March 31, 2024
Total operating revenue	\$ 95,206,021	\$ —	\$ 27,826,592
Total operating expenses	97,528,527	(309,878)	25,800,692
Operating (loss) income	<u>(2,632,506)</u>	<u>(309,878)</u>	<u>2,025,900</u>
Operating Ratio	102.4%	0%	92.7%
Add Back:			
Stock-based compensation	1,183,009	—	—
Intangible amortization	2,415,830	—	—
Adjusted Total Operating Expenses	<u>\$ 93,929,688</u>	<u>\$ (309,878)</u>	<u>\$ 25,800,692</u>
Adjusted Operating Ratio	98.7%	0%	92.7%

Results of Operations for March 31, 2025 (Successor) and March 31, 2024 (Predecessor)

Successor financial information presented below includes results for the three months ended March 31, 2025. We have excluded the Successor financial information for the three months ended March 31, 2024 as it only includes immaterial expenses incurred prior to the IPO. The Predecessor financial information presented below shows only the results of operations for Proficient Auto Transport for the three months ended March 31, 2024. The following discussion takes into consideration the lack of comparability. See Note 3 —Business Combinations for more information.

	Successor	Predecessor
	Proficient	Proficient
	Auto	Auto
	Logistics,	Transport, Inc.
	Inc.	Inc.
	Three	Three
	months	months
	ended	ended
	March 31,	March 31,
	2025	2024
Operating revenue		
Revenue, before fuel surcharge	\$ 87,615,128	\$ 26,354,688
Fuel surcharge and other reimbursements	5,427,840	1,346,459
Other Revenue	1,305,745	—
Lease Revenue	857,308	125,445
Total operating revenue	95,206,021	27,826,592
Operating Expenses		
Salaries, wages and benefits	19,288,103	4,487,363
Stock-based compensation	1,183,009	—
Fuel and fuel taxes	6,065,255	762,922
Purchased transportation	47,208,843	17,486,378
Truck expenses	5,849,846	1,114,821
Depreciation	6,488,579	639,337
Intangible amortization	2,415,830	—
Loss (Gain) on sale of equipment	8,781	(235,081)
Insurance premiums and claims	4,958,679	591,617
General, selling, and other operating expenses	4,101,602	953,335
Total Operating Expenses	97,568,527	25,800,692
Operating (loss) income	(2,362,506)	2,025,900
Other income and expense		
Interest expense	(1,570,920)	(452,390)
Acquisition Costs	(37,102)	—
Other income, net	76,222	—
Total other expense, net	(1,531,800)	(452,390)
(Loss) Income before income taxes	(3,894,306)	1,573,510
Income tax (benefit) expense	(702,621)	388,878
Net (loss) income	\$ (3,191,685)	\$ 1,184,632

Operating Revenue — The Company generates revenue from two primary sources: transporting freight for customers, including related fuel surcharge revenue and other reimbursements (Company Drivers), and arranging for the transportation of customer freight by third-party carriers (Subhauling). Company Drivers revenue, before fuel surcharges and other reimbursements, is primarily generated through trucking services provided by the Company's service offerings to OEMs and the secondary market. Subhauler revenue before fuel surcharges and other reimbursements is primarily generated through dispatching and brokering freight to third-party carriers. Fuel surcharges and other reimbursements represent additional revenue the Company earns based on mileage driven and other reimbursable costs incurred for which it is compensated by its customers.

The Company's total operating revenue is affected by, among other things, the general level of economic activity in the United States, customer inventory levels, specific customer demand, the level of capacity in the truckload and brokerage industry, the success of its marketing and sales efforts and the availability of drivers and third-party carriers.

A summary of the Company's revenue generated by segment for the periods indicated is as follows:

	Successor	Predecessor
	Three months ended March 31, 2025	Three months ended March 31, 2024
Operating Revenue:		
Company Driver	\$ 30,476,339	\$ 4,434,719
Company Driver fuel surcharge and other reimbursements	1,349,583	169,880
Lease Revenue	848,496	—
Other Revenue	—	—
Total Company Driver revenue	32,674,418	4,604,599
Subhaulers	57,138,789	21,919,969
Subhaulers fuel surcharge and other reimbursements	4,078,257	1,176,579
Lease Revenue	857,308	125,445
Other Revenue	457,249	—
Total Subhaulers revenue	62,531,603	23,221,993
Total operating revenue	\$ 95,206,021	\$ 27,826,592

Results of Operations for the three months ended March 31, 2025 (Successor) and 2024 (Predecessor)

In the Company Driver segment, operating revenues increased by \$28.1 million, or 609.6%, to \$32.7 million in 2025 compared to \$4.6 million in 2024. The increase in the Company Driver segment's revenue was driven by the Successor period including revenue from the acquired entities.

During the first quarter of 2025, market conditions and other competitive pressures resulted in the cessation of business by one of the Company's largest competitors. The immediate result of this development has been a redistribution among market participants of a significant amount of OEM contract business. New contract business in place at the Company is expected to ramp during 2025 to a run rate that would represent an approximate 15% increase to pro forma combined revenue in 2024 and with contribution margins consistent with the remainder of the contract portfolio.

In the Subhauleders segment, operating revenues increased by \$67.4 million, or 242.1%, to \$95.2 million in 2025 compared to \$27.8 million in 2024. The increase in the Subhauleders segment's revenue was driven by the Successor period including revenue from the acquired entities.

Salaries, wages and benefits — Salaries, wages, and benefits consist primarily of compensation for all employees. Salaries, wages, and benefits are primarily affected by the amount paid to company drivers, which is a function of the amount of freight hauled and units delivered. Salaries, wages and benefits are also affected by employee benefits such as health care and workers' compensation, and to a lesser extent by the number of, and compensation and benefits paid to, non-driver employees.

Salaries, wages and benefits increased by \$14.8 million, or 330%, to \$19.9 million in 2025 compared to \$4.5 million in 2024. The increase is primarily related to the Successor period which includes expenses from the acquired entities. Additionally, we expanded our Corporate Leadership Team to ensure we have the expertise and experience needed to support our growth as a public company.

Stock-based compensation — Stock-based compensation consists primarily of compensation for certain employees, officers, and directors as a key component of our overall compensation strategy.

Stock-based compensation increased to \$1.2 million in 2025 compared to \$0 in 2024. The increase is due to the result of stock-based compensation being offered following the Company's IPO during 2024.

Fuel and fuel taxes — Fuel and fuel taxes consist primarily of diesel fuel expense and fuel taxes for the Company's company-owned equipment. The primary factors affecting the Company's fuel and fuel taxes expense are the cost of fuel per mile and the number of miles driven by company drivers.

Fuel and fuel taxes increased by \$5.3 million, or 695%, to \$6.1 million in 2025 compared to \$0.8 million in 2024. The increase in fuel and fuel taxes was driven primarily by the Successor period including expenses from the acquired entities.

Purchased transportation — Purchased transportation consists of the payments the Company makes to owner-operators and third-party carriers.

Purchased transportation increased by \$29.7 million, or 170%, to \$47.2 million in 2025 compared to \$17.5 million in 2024. The increase in purchased transportation was driven by the Successor period includes expenses from the acquired entities, as well as the expansion of our subhauler network, revenue from new contracts and spot buy opportunities.

Truck Expenses — Truck expenses consist of operating expenses and supplies incurred for ordinary vehicle repairs and maintenance costs, driver on-the-road expenses and tolls.

Truck expenses and supplies are primarily affected by the age of the Company's company-owned and leased fleet of trucks and trailers, the number of miles driven in a period and driver turnover. Truck expenses increased 425% to \$5.8 million in 2025 compared to \$1.1 million in 2024. This is primarily due to the Successor period including expenses from the acquired entities.

Depreciation and amortization — Depreciation and amortization consist primarily of depreciation for owned trucks and trailers and to a lesser extent computer software amortization. The primary factors affecting these expense items include the size and age of the Company's truck and trailer fleets, the cost of new equipment and the relative percentage of owned revenue equipment and equipment acquired through debt or finance leases.

Depreciation and amortization and the loss (gain) on sale of equipment increased by \$6.1 million, or 1507%, to \$6.5 million in 2025 compared to \$0.4 million in 2024. The increase in depreciation and amortization and the loss (gain) on sale of equipment was driven by the Successor period including expenses from the acquired entities.

Intangible Amortization — Intangible amortization is the amortization of our intangible assets, including customer relationships and trade names, recognized during each acquisition, as applicable.

Intangible amortization increased \$2.4 million in 2025 compared to \$0 in 2024. This is due to the Predecessor not having any intangible assets.

Insurance premiums and claims — Insurance premiums and claims consist primarily of retained amounts for liability (personal injury and property damage), physical damage and cargo damage, as well as insurance premiums. The primary factors affecting the Company's insurance premiums and claims are the frequency and severity of accidents, trends in the development factors used in the Company's actuarial accruals and developments in large, prior year claims. The number of accidents tends to increase with the miles we travel. With our significant retained amounts, insurance claims expense may fluctuate significantly and impact the cost of insurance premiums and claims from period-to-period, and any increase in frequency or severity of claims or adverse loss development of prior period claims would adversely affect the Company financial condition and results of operations.

Insurance premiums and claims increased by \$4.4 million, or 738%, to \$5.0 million in 2025 compared to \$0.6 million in 2024. The increase in insurance premiums and claims was driven by the Successor period includes expenses from the acquired entities. We are working toward consolidating our insurance plans into a single policy, which will benefit the company by not only providing cost savings relative to similar coverage levels spread across numerous carriers, but also simplifying administration, streamlining the claims process, and ensuring better coverage consistency.

General, selling, and other operating expenses — General, selling, and other operating expenses consist primarily of legal and professional services fees, occupancy and other costs. General, selling, and other operating expenses increased by \$3.1 million, or 330%, to \$4.1 million in 2025 compared to \$0.9 million in 2024. The increase in general, selling, and other operating expenses was primarily due to the Successor period includes expenses from the acquired entities.

Interest expense, net — Interest expense, net consists of cash interest, amortization of deferred financing fees, net of any interest income received from financial institutions. Interest expense, net increased by \$1.1 million, or 247%, to \$1.6 million in 2025 compared to \$0.5 million in 2024. The increase was primarily due to the Successor period includes interest expense from the acquired entities.

Operating ratio — Operating ratio is calculated as total operating expenses as a percentage of operating revenue. The Company's operating ratio increased by 9.7% to 102.4% in 2025 as compared to 92.7% in 2024. The increase in costs was primarily due to expenses that the Predecessor did not incur, including stock compensation expense (\$1.1 million) and intangible amortization expense (\$2.4 million). Excluding these expenses, the operating ratio for 2024 would be 98.7%. We are working to achieve synergies across all operating companies, which should help reduce the operating ratio over time. See "Non-GAAP Financial Measure" section for the Company's calculation of operating ratio.

EBITDA — EBITDA increased by \$3.9 million, or 147%, to \$6.6 million in 2025 compared to \$2.7 million in 2024. The increase was due to the Successor period having more revenue from the acquired entities. See "Non-GAAP Financial Measure" section for the Company's calculation of EBITDA.

Adjusted EBITDA — Adjusted EBITDA represents net income (loss) plus interest expense, income tax expense (benefit), depreciation expense, intangible amortization expense, and share-based compensation expenses. Adjusted EBITDA increased by \$5.1 million, or 191%, to \$7.8 million in 2025 compared to \$2.7 million in 2024. The increase was primarily due to higher EBITDA described above. See "Non-GAAP Financial Measure" section for the Company's calculation of Adjusted EBITDA.

Liquidity and Capital Resources

Overview

Our business requires substantial amounts of cash to cover operating expenses as well as to fund capital expenditures, working capital changes, principal and interest payments on our debt obligations, lease payments and tax payments when we generate taxable income. Recently, we have financed our capital requirements with cash flows from operating activities, direct equipment financing, and proceeds from our IPO. We intend to spend between \$5 - \$10 million per year on new revenue equipment to maintain our desired average age of the fleet. We plan to finance the purchases through a combination of operating cash flows and direct equipment financing. Additional purchases of revenue equipment in a given year will depend on new business added as well as management's desire to shift delivery volume away from subhauers in favor of company drivers which will require growth in the aggregate fleet.

We believe we can fund our expected cash needs in the short-term, including debt repayment and the capital purchases described above, with projected cash flows from operating activities, borrowings under our credit facility and direct debt and lease financing we believe to be available for at least the next 12 months. Over the long-term, we expect that we will continue to have significant capital requirements, which may require us to seek additional borrowings or lease financing. The availability of financing will depend upon our financial condition and results of operations as well as prevailing market conditions.

Sources of liquidity

In May 2024, we raised money in the capital markets through an IPO and then subsequently in June sold additional shares through an over-allotment option. The approximately \$30 million remaining after acquiring the Founding Companies was used to support operations for 2024 and to partially fund strategic acquisitions. We anticipate that our cash flows from operations and available direct equipment financing will provide adequate liquidity for our planned capital expenditures during fiscal year 2025. For any new capital expenditures in 2025 and beyond that exceed our cash flow from operations, we have negotiated credit agreements with financial institutions in amounts sufficient to fund planned purchases. While we generally control the timing and extent of our capital expenditures, there is no assurance that we can obtain financing arrangements on terms acceptable to the Company.

Pinnacle LOC

On November 8, 2024, the Company and certain of its subsidiaries, as borrowers, entered into a Loan and Security Agreement (the “Loan Agreement”) with Pinnacle Bank, as lender (the “Lender”). The Loan Agreement provides for (i) a delayed draw term loan facility of up to an aggregate principal amount of \$25 million (the “Term Loan Facility”) and (ii) a revolving credit facility of up to an aggregate principal amount of \$20 million at any time outstanding (the “Revolving Credit Facility”), in each case, subject to the terms of the Loan Agreement. Proceeds of the Term Loan Facility may be used to refinance existing indebtedness of the Company, to finance certain permitted acquisitions and fees and expenses related thereto, and to pay fees and transaction expenses associated with the Loan Agreement. Proceeds of the Revolving Credit Facility may be used for general working capital, to pay the fees and transaction expenses associated with the Loan Agreement, and to pay any of the Company’s obligations thereunder. The loans under the Loan Agreement may be voluntarily prepaid at any time, in whole or in part, without premium or penalty. The maturity date of the Term Loan Facility is May 8, 2031, and the maturity date of the Revolving Credit Facility is November 8, 2029.

Borrowings under the Loan Agreement bear interest at a rate per annum equal to Term SOFR for an interest period equal to one month plus a margin of (x) 2.50% per annum with respect to any loan under the Term Loan Facility and (y) 2.20% per annum with respect to any loan under the Revolving Credit Facility. In addition, the Company is required to pay an unused line fee on the unutilized commitments with respect to the Revolving Credit Facility at the rate of 0.15% per annum.

The Loan Agreement contains customary affirmative and negative covenants, including covenants that restrict the ability of the Company and its subsidiaries to, among other things, incur debt, grant liens on their respective assets, engage in mergers and other fundamental changes, make investments, enter into transactions with affiliates, pay dividends and make other restricted payments, prepay other indebtedness and sell assets, in each case subject to certain exceptions set forth in the Loan Agreement. The Loan Agreement also requires the Company to maintain (i) a Fixed Charge Coverage Ratio (as defined in the Loan Agreement) of greater than or equal to 1.25 to 1.00 and (ii) a Funded Debt to Adjusted EBITDA Ratio (as defined in the Loan Agreement) of less than or equal to 3.00 to 1.00, in each case, as of the end of each fiscal quarter, commencing with the fiscal quarter ending March 31, 2025. The Company was in compliance with its debt covenants as of March 31, 2025.

All obligations under the Loan Agreement and the guarantees of those obligations are secured, subject to certain exceptions, by a security interest on substantially all of the property of the Company and its subsidiaries.

Upon closing, the Company drew \$16.0 million from the available term debt, a portion of which was used to repay and terminate the Proficient Transport line of credit. As of March 31, 2025, there was \$15.9 million outstanding under the Loan Agreement.

Cash Flows

For the three months ended March 31, 2025 (Successor), cash flows from operating activities of \$1.6 million, a \$3.7 million decrease compared to the three months ended March 31, 2024 (Predecessor). The decrease was primarily due to a large increase in accounts receivable for the Successor during the first quarter of 2025 compared to a large decrease of accounts receivable in the prior year period for the Predecessor.

For the three months ended March 31, 2025 (Successor), cash flows used in investing activities was \$2.4 million. This increase of \$2.4 million compared to March 31, 2024 (Predecessor) is mainly due to the cash paid to purchase new equipment.

For the three months ended March 31, 2025 (Successor), cash flows used in financing activities was \$3.7 million, which was a decrease of \$224,000 compared to the three months ended March 31, 2024 (Predecessor).

Emerging Growth Company Status

We qualify as an “emerging growth company,” as defined in the JOBS Act. As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies. These provisions include: (i) reduced disclosure about our executive compensation arrangements; (ii) not being required to hold advisory votes on executive compensation or to obtain stockholder approval of any golden parachute arrangements not previously approved; (iii) an exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002; and (iv) an exemption from compliance with the requirements of the Public Company Accounting Oversight Board regarding the communication of critical audit matters in the auditor’s report on the financial statements.

We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company on the date that is the earliest of (i) the last day of the fiscal year in which we have total annual gross revenues of \$1.235 billion or more; (ii) the last day of our fiscal year following the fifth anniversary of the date of the completion of the IPO; (iii) the date on which we have issued more than \$1.0 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC. We may choose to take advantage of some but not all of these exemptions. We have taken advantage of reduced reporting requirements in this Quarterly Report. Accordingly, the information contained herein may be different from the information you receive from other public companies in which you hold stock. Additionally, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of this exemption and, therefore, while we are an emerging growth company, we will not be subject to new or revised accounting standards at the same time that they become applicable to other public companies that are not emerging growth companies. As a result of this election, our financial statements may not be comparable to those of other public companies that comply with new or revised accounting pronouncements as of public company effective dates. We may choose to early adopt any new or revised accounting standards whenever such early adoption is permitted for private companies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

None.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2025. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), are controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission (the “SEC”). Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on this evaluation of our disclosure controls and procedures as of March 31, 2025, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were not effective.

Notwithstanding the material weakness in our internal control over financial reporting, our Chief Executive Officer and Chief Financial Officer have concluded that our Condensed Consolidated Financial Statements present fairly, in all material respects, our financial position, results of operations and cash flows in accordance with GAAP.

In connection with the preparation of the Company's audited financial statements for the year ended December 31, 2024, a material weakness in the Company's internal controls over financial reporting was identified and, if our remediation is not effective, or if we fail to maintain an effective system of internal controls over financial reporting in the future, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence and profitability.

We have identified a material weakness in the Company's internal controls over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal controls over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness identified was related to IT general controls in Company's financial systems and closing processes including account reconciliations and review surrounding the close process.

Remediation steps are being taken designed to improve the Company's internal controls over financial reporting to address the underlying causes, including: designing and implementing increased controls, increased oversight and review of technical systems and engaging third-parties. Remediation initiatives are on track, including converting all operating companies to one accounting technology platform, which we expect to be complete at the beginning of the third quarter of 2025.

While we believe that these efforts will improve the Company's internal controls over financial reporting, the implementation of these measures is ongoing and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles. If the steps we take do not remediate the material weaknesses in a timely manner, there could continue to be a reasonable possibility that these control deficiencies or others could result in a material misstatement of our annual or interim financial statements that would not be prevented or detected on a timely basis. If we are unable to successfully remediate our existing or any future material weakness, the accuracy of our financial reporting may be adversely affected, which could cause investors to lose confidence in our financial reporting and our share price and profitability may decline as a result.

Changes in Internal Control Over Financial Reporting

Except for the enhancements to controls to address the material weakness discussed above, there were no changes to our internal control over financial reporting during the three months ended March 31, 2025, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

The Company is involved from time to time in various legal proceedings and governmental and regulatory proceedings that arise in the ordinary course of business. The Company does not believe that such litigation, claims, and administrative proceedings will have a material adverse impact on the Company's financial position or results of operations.

Item 1A. Risk Factors

Our business is subject to various risks and uncertainties. You should review and consider carefully the risks and uncertainties described in more detail in Item 1A of Part II of our Annual Report on Form 10-K for the year ended December 31, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds and Issuer Repurchases of Equity Securities

We did not sell any unregistered equity securities during the three-month period ended March 31, 2025.

We did not repurchase any shares of our common stock during the three-month period ended March 31, 2025.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(c) None of our officers or directors, as defined in Rule 16a-1(f), adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as defined in Item 408 of Regulation S-K, during the three months ended March 31, 2025.

Item 6. Exhibits

Exhibit Number

10.1*	Consulting Agreement, dated January 26, 2025, by and among Proficient Auto Logistics, Inc., Delta Automotive Services, LLC (d/b/a Delta Transport), and John Skiadas (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 30, 2025 and incorporated herein by reference).
31.1	Certification by principal executive officer pursuant to Rule 13A-14(a) or 15D-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by principal financial officer pursuant to Rule 13A-14(a) or 15D-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the instance document does not appear on the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

SIGNATURE

Pursuant to the requirements 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.

Date: May 14, 2025

Proficient Auto Logistics, Inc.

By: /s/ Richard O'Dell
Richard O'Dell
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Brad Wright
Brad Wright
Chief Financial Officer and Secretary
(Principal Financial and Accounting Officer)

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Richard O'Dell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2025, of Proficient Auto Logistics, 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 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; and
 - 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 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 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: May 14, 2025

/s/ Richard O'Dell
Chief Executive Officer
(Principal Executive Officer)

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Brad Wright, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2025, of Proficient Auto Logistics, 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 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; and

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 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 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: May 14, 2025

/s/ Brad Wright

Chief Financial Officer and Secretary
(Principal 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 Quarterly Report of Proficient Auto Logistics, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard O'Dell, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (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 result of operations of the Company.

/s/ Richard O'Dell

Chief Executive Officer
(Principal Executive Officer)

Dated: May 14, 2025

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company 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 Quarterly Report of Proficient Auto Logistics, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brad Wright, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (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 result of operations of the Company.

/s/ Brad Wright

Chief Financial Officer and Secretary
(Principal Financial Officer)

Dated: May 14, 2025

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.