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 June 30, 2023 or

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

For the transition period from _____ to

Commission file number: 0-27754

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

Delaware	**36-4007085**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

2001 Hub Group Way
Oak Brook, Illinois 60523
(Address, including zip code, of principal executive offices)

(630) 271-3600
Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value $.01 per share	HUBG	NASDAQ

Securities registered pursuant to Section 12(g) of the Act: None

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

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

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-Accelerated Filer ☐ Smaller Reporting Company ☐ Emerging Growth Company ☐

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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 ☒

On July 28, 2023, the registrant had 31,415,349 outstanding shares of Class A common stock, par value $.01 per share, and 574,903 outstanding shares of Class B common stock, par value $.01 per share.

HUB GROUP, INC.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION
Item 1. FINANCIAL STATEMENTS

HUB GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	June 30, 2023	December 31, 2022
	(unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 342,429	$ 286,642
Accounts receivable trade, net	612,163	716,190
Other receivables	4,612	3,967
Prepaid taxes	15,258	16,987
Prepaid expenses and other current assets	15,445	32,914
TOTAL CURRENT ASSETS	989,907	1,056,700
Restricted investments	20,262	18,065
Property and equipment, net	783,127	783,683
Right-of-use assets - operating leases	167,681	102,114
Right-of-use assets - financing leases	3,744	1,194
Other intangibles, net	183,634	197,386
Goodwill	629,407	629,402
Other assets	22,280	21,537
TOTAL ASSETS	$ 2,800,042	$ 2,810,081
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable trade	$ 293,005	$ 344,751
Accounts payable other	12,213	15,563
Accrued payroll	23,292	66,669
Accrued other	128,825	132,324
Lease liability - operating leases	35,687	29,547
Lease liability - financing leases	2,365	1,175
Current portion of long-term debt	98,350	101,741
TOTAL CURRENT LIABILITIES	593,737	691,770
Long-term debt	238,213	240,724
Non-current liabilities	48,832	43,505
Lease liability - operating leases	141,450	78,557
Lease liability - financing leases	1,288	-
Deferred taxes	165,786	155,923
STOCKHOLDERS' EQUITY:		
Preferred stock: $.01 par value; 2,000,000 shares authorized; no shares issued or outstanding in 2023 and 2022	-	-
Common stock		
Class A: $.01 par value; 97,337,700 shares authorized; 41,312,185 shares issued in both 2023 and 2022; 31,402,008 shares outstanding in 2023 and 32,646,621 shares outstanding in 2022.	413	413
Class B: $.01 par value; 662,300 shares authorized; 574,903 shares issued and outstanding in both 2023 and 2022.	6	6
Additional paid-in capital	214,356	208,165
Purchase price in excess of predecessor basis, net of tax benefit of $10,306	(15,458)	(15,458)
Retained earnings	1,889,867	1,781,582
Accumulated other comprehensive loss	(136)	(214)
Treasury stock; at cost, 9,910,177 shares in 2023 and 8,665,564 shares in 2022.	(478,312)	(374,892)
TOTAL STOCKHOLDERS' EQUITY	1,610,736	1,599,602
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,800,042	$ 2,810,081

See notes to unaudited consolidated financial statements.

HUB GROUP, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME
(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Operating revenue	$ 1,040,462	$ 1,401,456	$ 2,192,727	$ 2,699,579
Operating expenses:				
Purchased transportation and warehousing	763,609	1,062,983	1,630,540	2,058,248
Salaries and benefits	141,823	129,499	279,254	258,238
Depreciation and amortization	35,386	32,244	70,835	63,533
Insurance and claims	11,676	10,645	24,359	19,938
General and administrative	26,757	36,213	52,298	59,435
Gain on sale of assets, net	(859)	(7,764)	(4,834)	(12,509)
Total operating expenses	978,392	1,263,820	2,052,452	2,446,883
Operating income	62,070	137,636	140,275	252,696
Other income (expense):				
Interest expense	(3,116)	(1,407)	(6,086)	(3,110)
Interest income	2,087	5	3,463	9
Other, net	69	(195)	108	(63)
Total other expense, net	(960)	(1,597)	(2,515)	(3,164)
Income before provision for income taxes	61,110	136,039	137,760	249,532
Provision for income taxes	14,605	33,193	29,475	59,183
Net income	46,505	102,846	108,285	190,349
Other comprehensive income:				
Foreign currency translation adjustments	44	(16)	78	4
Total comprehensive income	$ 46,549	$ 102,830	$ 108,363	$ 190,353
Basic earnings per common share	$ 1.45	$ 3.06	$ 3.35	$ 5.66
Diluted earnings per common share	$ 1.44	$ 3.03	$ 3.33	$ 5.61
Basic weighted average number of shares outstanding	32,037	33,651	32,293	33,647
Diluted weighted average number of shares outstanding	32,293	33,935	32,566	33,950

See notes to unaudited consolidated financial statements.

HUB GROUP, INC.
UNAUDITED CONSOLIDATED STATEMENTS STOCKHOLDERS' EQUITY
(in thousands, except per share amounts)

	Class A & B Common Stock		Additional	Purchase Price in Excess of		Accumulated Other	Treasury Stock		
	Shares Issued	Amount	Paid-in Capital	Predecessor Basis, Net of Tax	Retained Earnings	Comprehensive Income	Shares	Amount	Total
Balance March 31, 2022	**41,887,088**	**$ 419**	**$ 189,168**	**$ (15,458)**	**$ 1,512,137**	**$ (187)**	**(7,236,001)**	**$ (259,108)**	**$ 1,426,971**
Stock withheld for payments of withholding taxes	-	-	-	-	-	-	(1,871)	(130)	(130)
Issuance of restricted stock awards, net of forfeitures	-	-	917	-	-	-	(6,343)	(917)	-
Share-based compensation expense	-	-	5,518	-	-	-	-	-	5,518
Net income	-	-	-	-	102,846	-	-	-	102,846
Foreign currency translation adjustment	-	-	-	-	-	(16)	-	-	(16)
Balance June 30, 2022	**41,887,088**	**$ 419**	**$ 195,603**	**$ (15,458)**	**$ 1,614,983**	**$ (203)**	**(7,244,215)**	**$ (260,155)**	**$ 1,535,189**
Balance March 31, 2023	**41,887,088**	**$ 419**	**$ 206,111**	**$ (15,458)**	**$ 1,843,362**	**$ (180)**	**(8,551,550)**	**$ (375,206)**	**$ 1,659,048**
Purchase of treasury stock	-	-	-	-	-	-	(1,323,425)	(100,026)	(100,026)
Stock withheld for payments of withholding taxes	-	-	-	-	-	-	(2,695)	(212)	(212)
Issuance of restricted stock awards, net of forfeitures	-	-	2,868	-	-	-	(32,507)	(2,868)	-
Share-based compensation expense	-	-	5,377	-	-	-	-	-	5,377
Net income	-	-	-	-	46,505	-	-	-	46,505
Foreign currency translation adjustment	-	-	-	-	-	44	-	-	44
Balance June 30, 2023	**41,887,088**	**$ 419**	**$ 214,356**	**$ (15,458)**	**$ 1,889,867**	**$ (136)**	**(9,910,177)**	**$ (478,312)**	**$ 1,610,736**
Balance December 31, 2021	**41,887,088**	**$ 419**	**$ 189,256**	**$ (15,458)**	**$ 1,424,634**	**$ (207)**	**(7,317,058)**	**$ (258,330)**	**$ 1,340,314**
Stock withheld for payments of withholding taxes	-	-	-	-	-	-	(68,240)	(5,715)	(5,715)
Issuance of restricted stock awards, net of forfeitures	-	-	(3,890)	-	-	-	141,083	3,890	-
Share-based compensation expense	-	-	10,237	-	-	-	-	-	10,237
Net income	-	-	-	-	190,349	-	-	-	190,349
Foreign currency translation adjustment	-	-	-	-	-	4	-	-	4
Balance June 30, 2022	**41,887,088**	**$ 419**	**$ 195,603**	**$ (15,458)**	**$ 1,614,983**	**$ (203)**	**(7,244,215)**	**$ (260,155)**	**$ 1,535,189**
Balance December 31, 2022	**41,887,088**	**$ 419**	**$ 208,165**	**$ (15,458)**	**$ 1,781,582**	**$ (214)**	**(8,665,564)**	**$ (374,892)**	**$ 1,599,602**
Purchase of treasury stock	-	-	-	-	-	-	(1,323,425)	(100,026)	(100,026)
Stock withheld for payments of withholding taxes	-	-	-	-	-	-	(98,209)	(7,818)	(7,818)
Issuance of restricted stock awards, net of forfeitures	-	-	(4,424)	-	-	-	177,021	4,424	-
Share-based compensation expense	-	-	10,615	-	-	-	-	-	10,615
Net income	-	-	-	-	108,285	-	-	-	108,285
Foreign currency translation adjustment	-	-	-	-	-	78	-	-	78
Balance June 30, 2023	**41,887,088**	**$ 419**	**$ 214,356**	**$ (15,458)**	**$ 1,889,867**	**$ (136)**	**(9,910,177)**	**$ (478,312)**	**$ 1,610,736**

See notes to unaudited consolidated financial statements.

HUB GROUP, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Net income	$ 108,285	$ 190,349
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	91,474	71,922
Impairment of right-of-use asset	2,012	-
Deferred taxes	10,837	3,279
Compensation expense related to share-based compensation plans	10,615	10,237
Gain on sale of assets	(4,834)	(12,509)
Changes in operating assets and liabilities:		
Restricted investments	(2,197)	5,200
Accounts receivable, net	103,270	(93,767)
Prepaid taxes	1,729	(2,166)
Prepaid expenses and other current assets	17,469	9,664
Other assets	(1,899)	(2,517)
Accounts payable	(55,085)	3,380
Accrued expenses	(47,700)	23,251
Non-current liabilities	(12,595)	(5,588)
Net cash provided by operating activities	221,381	200,735
Cash flows from investing activities:		
Proceeds from sale of equipment	15,135	18,584
Purchases of property and equipment	(65,635)	(85,942)
Cash used in acquisition	108	-
Net cash used in investing activities	(50,392)	(67,358)
Cash flows from financing activities:		
Purchase of treasury stock	(100,026)	-
Repayments of long-term debt	(56,191)	(54,114)
Stock withheld for payments of withholding taxes	(7,818)	(5,715)
Finance lease payments	(1,501)	(1,059)
Proceeds from issuance of debt	50,289	66,194
Net cash (used in) provided by financing activities	(115,247)	5,306
Effect of exchange rate changes on cash and cash equivalents	45	9
Net increase in cash and cash equivalents	55,787	138,692
Cash and cash equivalents beginning of the period	286,642	159,784
Cash and cash equivalents end of the period	$ 342,429	$ 298,476
Supplemental disclosures of cash paid for:		
Interest	$ 6,688	$ 3,710
Income taxes	$ 14,410	$ 58,082

See notes to unaudited consolidated financial statements.

NOTE 1. Interim Financial Statements

Our accompanying unaudited consolidated financial statements of Hub Group, Inc. (the "Company," "Hub," "we," "us" or "our") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements have been omitted pursuant to those rules and regulations. However, we believe that the disclosures contained herein are adequate to make the information presented not misleading.

The financial statements reflect, in our opinion, all material adjustments (which include only normal recurring adjustments) necessary to fairly present our financial position as of June 30, 2023 and results of operations for the three and six months ended June 30, 2023 and 2022.

These unaudited consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 10-K"). Results of operations in interim periods are not necessarily indicative of results to be expected for a full year due partially to seasonality.

Reclassifications: Due to presentation changes made in our consolidated income statement, certain prior year amounts have been reclassified to conform with the current year presentation.

NOTE 2. Earnings Per Share

The following is a reconciliation of our earnings per share (in thousands, except for per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income for basic and diluted earnings per share	$ 46,505	$ 102,846	$ 108,285	$ 190,349
Weighted average shares outstanding - basic	32,037	33,651	32,293	33,647
Dilutive effect of restricted stock	256	284	273	303
Weighted average shares outstanding - diluted	32,293	33,935	32,566	33,950
Earnings per share - basic	$ 1.45	$ 3.06	$ 3.35	$ 5.66
Earnings per share - diluted	$ 1.44	$ 3.03	$ 3.33	$ 5.61

NOTE 3. Segment Reporting

As we have continued to expand our service offerings and diversify our business, we have also made changes to the financial information that our CEO, who has been identified as our Chief Operating Decision Maker (CODM), uses to make operating and capital decisions. Beginning with the first quarter of 2023, we concluded that we had two reportable segments: Intermodal and Transportation Solutions ("ITS") and Logistics which are based primarily on the services each segment provides. Results for the three and six months ended June 30, 2022 have been recast below to conform with the current period presentation. Our ITS segment includes our asset-light business lines: intermodal and dedicated trucking. Our Logistics segment includes our non-asset business lines: managed transportation, truck brokerage, final mile, consolidation, warehousing and fulfillment.

Intermodal and Transportation Solutions. Our Intermodal and Transportation Solutions segment offers high service, nationwide door-to-door intermodal transportation, providing value, visibility and reliability in both transcontinental and local lanes by combining rail transportation with local trucking. This segment also includes our trucking operations which provides drayage for our intermodal service offering and serves our customers who require high service local and regional trucking transportation using equipment dedicated to their needs. Our dedicated service operation offers fleets of equipment and drivers to each customer on a contract basis, as well as the management and infrastructure to operate according to the customer's high service expectations. As of June 30, 2023, our trucking transportation operation consisted of approximately 2,400 tractors, 3,200 employee drivers and 4,400 trailers. We also contract for services with approximately 560 independent owner-operators. We arrange for the movement of our customers' freight in one of our approximately 49,000 containers.

Logistics. Our Logistics segment offers a full range of trucking transportation services, including dry van, expedited, less-than-truckload, refrigerated and flatbed, all of which is provided by third party carriers with whom we contract. This segment also offers a wide range of logistics services including transportation management, shipment optimization, load consolidation, mode selection, carrier management, load planning and execution, warehousing, fulfillment, cross-docking, consolidation services and final mile delivery. We leverage proprietary technology along with collaborative relationships with third party service providers to deliver cost savings and performance-enhancing supply chain services to our clients. Our transportation management offering also serves as a source of volume for our ITS segment.

Separate balance sheets are not prepared by segment, and as a result, assets are not separately identifiable or presented by segment. Our CEO uses consolidated asset information to make capital decisions.

The following tables summarize our financial and operating data by segment (in thousands):

Operating Revenue	**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2023	**2022**	**2023**	**2022**
Intermodal and Transportation Solutions	$ 614,632	$ 875,150	$ 1,323,881	$ 1,651,720
Logistics	453,549	548,613	922,690	1,089,597
Inter-segment eliminations	(27,719)	(22,307)	(53,844)	(41,738)
Total operating revenue	$ 1,040,462	$ 1,401,456	$ 2,192,727	$ 2,699,579

Operating Income	**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2023	**2022**	**2023**	**2022**
Intermodal and Transportation Solutions	$ 31,777	$ 100,601	$ 80,981	$ 186,297
Logistics	30,293	37,035	59,294	66,399
Total operating income	$ 62,070	$ 137,636	$ 140,275	$ 252,696

Depreciation and Amortization	**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2023	**2022**	**2023**	**2022**
Intermodal and Transportation Solutions	$ 27,117	$ 25,383	$ 54,003	$ 49,758
Logistics	8,269	6,861	16,832	13,775
Total depreciation and amortization	$ 35,386	$ 32,244	$ 70,835	$ 63,533

NOTE 4. Fair Value Measurement

The carrying value of cash and cash equivalents, accounts receivable and accounts payable approximated fair value as of June 30, 2023 and December 31, 2022. As of June 30, 2023, the fair value of the Company's fixed-rate borrowings was $9.0 million less than the historical carrying value of $336.6 million. As of December 31, 2022, the fair value of the Company's fixed-rate borrowings was $11.7 million less than the historical carrying value of $342.5 million. The fair value of the fixed-rate borrowings was estimated using an income approach based on current interest rates available to the Company for borrowings on similar terms and maturities.

We consider as cash equivalents all highly liquid instruments with an original maturity of three months or less. As of June 30, 2023 and December 31, 2022, our cash and temporary investments were with high quality financial institutions in demand deposit accounts, savings accounts, checking accounts and money market accounts.

Restricted investments included $20.3 million and $18.1 million as of June 30, 2023 and December 31, 2022, respectively, of mutual funds which are reported at fair value. These investments relate to our nonqualified deferred compensation plan and insurance deposits.

Our assets and liabilities measured at fair value are based on valuation techniques that consider prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. These valuation methods are based on either quoted market prices (Level 1) or inputs, other than quoted prices in active markets, that are observable either directly or indirectly (Level 2), or unobservable inputs (Level 3). Cash and cash equivalents, mutual funds, accounts receivable and accounts payable are defined as “Level 1,” while long-term debt is defined as “Level 2” of the fair value hierarchy in the Fair Value Measurements and Disclosures Topic of the Codification.

NOTE 5. Long-Term Debt and Financing Arrangements

In February 2022, we entered into a five-year, $350 million unsecured credit agreement (the "Credit Agreement"). Borrowings under the Credit Agreement generally bear interest at a variable rate equal to (i) the secured overnight financing rate (published by the Federal Reserve Bank of New York, “SOFR”), plus a specified margin based on the term of such borrowing, plus a specified margin based upon Hub’s total net leverage ratio (as defined in the Credit Agreement) (the "Total Net Leverage Ratio"), or (ii) the base rate (which is the highest of (a) the administrative agent's prime rate, (b) the federal funds rate plus 0.50% or (c) the sum of 1% and one-month SOFR) plus a specified margin based upon the Total Net Leverage Ratio. The specified margin for SOFR loans varies from 100.0 to 175.0 basis points per annum. The specified margin for base rate loans varies from 0.0 to 75.0 basis points per annum. Hub must also pay (1) a commitment fee ranging from 10.0 to 25.0 basis points per annum (based upon the Total Net Leverage Ratio) on the aggregate unused commitments and (2) a letter of credit fee ranging from 100.0 to 175.0 basis points per annum (based upon the Total Net Leverage Ratio) on the undrawn amount of letters of credit.

We have standby letters of credit that expire in 2023 and 2024. As of June 30, 2023 and December 31, 2022, our letters of credit were $0.9 million and $43.4 million, respectively.

As of June 30, 2023 and December 31, 2022, we had no borrowings under the Credit Agreement and our unused and available borrowings were $349.1 million and $306.6 million, respectively. We were in compliance with our debt covenants as of June 30, 2023 and December 31, 2022.

We have entered into various Equipment Notes (“Notes”) for the purchase of tractors, trailers, containers and refrigeration units. The Notes are secured by the underlying equipment financed in the agreements.

Our outstanding Notes are as follows (in thousands):	June 30, 2023	December 31, 2022
Interim funding for equipment received and expected to be converted to an equipment note in subsequent year; interest paid at a variable rate	$ 10,768	$ 6,137
Secured Equipment Notes due on various dates in 2028 commencing on various dates in 2023; interest is paid monthly at a fixed annual rate between 5.21% and 5.99%	39,546	-
Secured Equipment Notes due on various dates in 2027 commencing on various dates in 2022 and 2023; interest is paid monthly at a fixed annual rate between 2.07% and 5.82%	164,549	177,295
Secured Equipment Notes due on various dates in 2026 commencing on various dates in 2021; interest is paid monthly at a fixed annual rate between 1.48% and 2.41%	68,004	78,359
Secured Equipment Notes due on various dates in 2025 commencing on various dates in 2020; interest is paid monthly at a fixed annual rate between 1.51% and 1.80%	36,195	43,955
Secured Equipment Notes due on various dates in 2024 commencing on various dates in 2017, 2019 and 2020; interest is paid monthly at a fixed annual rate between 2.50% and 3.59%	13,740	20,751
Secured Equipment Notes due on various dates in 2023 commencing on various dates from 2016 to 2019; interest is paid monthly at a fixed annual rate between 2.20% and 4.10%	3,761	15,968
	336,563	342,465
Less current portion	(98,350)	(101,741)
Total long-term debt	$ 238,213	$ 240,724

NOTE 6. Legal Matters

The Company is involved in certain claims and pending litigation arising from the normal conduct of business, including putative class-action lawsuits involving employment related claims. Based on management's present knowledge, management does not believe that any potential unrecorded loss contingencies arising from these pending matters are likely to have a material adverse effect on the Company's overall financial position, operating results, or cash flows after taking into account any existing accruals for settlements or losses determined to be probable and estimable. However, actual outcomes could be material to the Company's financial position, operating results, or cash flows for any particular period.

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Statements in this section and other parts of this Quarterly Report on Form 10-Q that are not historical facts are forward-looking statements, provided pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors that might cause the actual performance of the Company to differ materially from those expressed or implied by this discussion and, therefore, should be viewed with caution. Further information on the risks that may affect the Company’s business is included in filings it makes with the SEC from time to time, including those discussed under the “Risk Factors” section in the 2022 10-K and subsequent filings. The Company assumes no obligation to update any such forward-looking statements.

EXECUTIVE SUMMARY

We are a leading supply chain solutions provider in North America that offers comprehensive transportation and logistics management services focused on reliability, visibility and value for our customers. Our service offerings include a full range of freight transportation and logistics services, some of which are provided by assets we own and operate, and some of which are provided by third parties with whom we contract. Our services include intermodal, truckload, less-than-truckload, flatbed, temperature-controlled, dedicated and regional trucking. Other services include full outsource logistics solutions, transportation management services, freight consolidation, warehousing and fulfillment, final mile delivery, parcel and international services.

We service a large and diversified customer base in a broad range of industries, including retail, consumer products and durable goods. We believe our strategy to offer multi-modal supply chain management solutions serves to strengthen and deepen our relationships with our customers and allows us to provide a more cost effective and higher service solution.

Beginning in first quarter 2023, we have two reportable segments - Intermodal and Transportation Solutions, and Logistics, which are based primarily on the services each segment provides. Results for the for the three and six months ended June 30, 2022, have been recast to conform with the current period presentation.

Intermodal and Transportation Solutions. Our Intermodal and Transportation Solutions segment offers high service, nationwide door-to-door intermodal transportation, providing value, visibility and reliability in both transcontinental and local lanes by combining rail transportation with local trucking. This segment also includes our trucking operations which provides drayage for our intermodal service offering and serves our customers who require high service local and regional trucking transportation using equipment dedicated to their needs. Our dedicated service operation offers fleets of equipment and drivers to each customer on a contract basis, as well as the management and infrastructure to operate according to the customer's high service expectations. We arrange for the movement of our customers' freight in one of our approximately 49,000 containers. We contract with railroads to provide transportation for the long-haul portion of the shipment between rail terminals. Local pickup and delivery services (referred to as "drayage") between origin or destination and rail terminals are provided by our own trucking operations and third-parties with whom we contract. As of June 30, 2023, our trucking transportation operation consisted of approximately 2,400 tractors, 3,200 employee drivers and 4,400 trailers. We also contract for services with approximately 560 independent owner-operators.

Logistics. Our Logistics segment offers a full range of trucking transportation services, including dry van, expedited, less-than-truckload, refrigerated and flatbed, all of which is provided by third party carriers with whom we contract. This segment also offers a wide range of logistics services including transportation management, shipment optimization, load consolidation, mode selection, carrier management, load planning and execution, warehousing, fulfillment, cross-docking, consolidation services and final mile delivery. Many of the customers for these solutions are consumer goods companies who sell into the retail channel. Our business operates or has access to approximately 9.5 million square feet of warehousing and cross-dock space across North America, to which our customers ship their goods to be stored and distributed to destinations including residences, retail stores and other commercial locations. These services offer our customers shipment visibility, transportation cost savings, high service and compliance with retailers' increasingly stringent supply chain requirements.

In August 2022, we acquired TAGG Logistics, LLC which enhanced our presence in the consolidation and fulfillment space and added a complementary e-commerce offering to serve our customers' multimodal transportation and logistics needs. The acquisition added scale to our logistics segment.

We are working on several yield enhancement projects including network optimization, matching of inbound and outbound loads, reducing empty miles, improving our recovery of accessorial costs, increasing our driver and asset utilization, reducing repositioning costs, providing holistic solutions and improving low profit freight. Hub's top 50 customers represent approximately 63% of revenue for the six months ended June 30, 2023, while one customer accounted for more than 10% of our revenue for the six months ended June 30, 2023. We use various performance indicators to manage our business. We closely monitor profit levels for our top customers. We also evaluate on-time performance, customer service, cost per load and daily sales outstanding by customer account. Vendor cost changes and vendor service levels are also monitored closely.

Uncertainties and risks to our outlook include the following: inflation, a slowdown in consumer spending (driven by, among other factors, rising inflation, an economic recession, increases in interest rates, and geopolitical concerns), a shift by consumers to spending on services at the expense of goods, an increase of retailers' inventory levels, a significant increase in transportation supply in the marketplace, aggressive pricing actions by our competitors and any inability to pass cost increases, such as transportation and warehouse costs, through to our customers, all of which could have a materially negative impact on our revenue, profitability and cash flow in 2023.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2023 Compared to the Three Months Ended June 30, 2022

The following table summarizes our operating revenue by segment (in thousands):

Operating Revenue	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022
Intermodal and Transportation Solutions	$ 614,632	$ 875,150
Logistics	453,549	548,613
Inter-segment eliminations	(27,719)	(22,307)
Total operating revenue	$ 1,040,462	$ 1,401,456

The following table summarizes our operating income by segment (in thousands):

Operating Income	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022
Intermodal and Transportation Solutions	$ 31,777	$ 100,601
Logistics	30,293	37,035
Total operating income	$ 62,070	$ 137,636

Total consolidated operating revenue decreased 26% to $1,040 million in 2023 from $1,401 million in 2022.

Intermodal and Transportation Solutions ("ITS") revenue decreased 30% to $615 million primarily due to a 17% decrease in intermodal volume driven by elevated retailer inventory levels and soft import activity that impacted demand for our services, an 18% decrease in intermodal revenue per load (primarily due to lower price, fuel prices and mix) and a 7% decline in dedicated revenues due to lost customers partially offset by growth with existing and new customers.

ITS operating income decreased to $32 million, 5% of revenue, as compared to $101 million, 11% of revenue in the prior year due to lower volume, lower customer rates, higher equipment costs and lower surcharges and accessorial income. These headwinds were partially offset by lower drayage costs as we increased the portion of drayage handled on our own fleet to 79% in the second quarter of 2023 as compared to 62% in the prior year, as well as an improvement in profitability at our Dedicated service line.

Logistics revenue decreased 17% to $454 million primarily driven by lower revenue per load in our brokerage service line and lower managed transportation service line revenue, partially offset by revenue from TAGG. Brokerage volumes declined 1% compared to the prior year. Operating income was 7% of revenue in both 2023 and 2022. Operating income was $30 million as compared to $37 million last year, as lower revenue was partially offset by lower purchased transportation costs and our yield management initiatives.

The following is a summary of operating results and certain items in the consolidated statements of income as a percentage of revenue (in thousands):

	Three Months Ended June 30, 2023		Three Months Ended June 30, 2022	
Operating revenue	$ 1,040,462	100.0%	$ 1,401,456	100.0%
Operating expenses:				
Purchased transportation and warehousing	763,609	73.4%	1,062,983	75.9%
Salaries and benefits	141,823	13.6%	129,499	9.2%
Depreciation and amortization	35,386	3.4%	32,244	2.3%
Insurance and claims	11,676	1.1%	10,645	0.8%
General and administrative	26,757	2.6%	36,213	2.6%
Gain on sale of assets, net	(859)	-0.1%	(7,764)	-0.6%
Total operating expenses	978,392	94.0%	1,263,820	90.2%
Operating income	$ 62,070	6.0%	$ 137,636	9.8%

CONSOLIDATED OPERATING EXPENSES

Purchased Transportation and Warehousing

Purchased transportation and warehousing costs decreased 28% to $764 million in 2023 from $1,063 million in 2022.

Purchased transportation and warehousing costs declined as compared to prior year due to lower volumes, reductions in third party carrier costs, decreased use of third-party carriers for drayage in ITS and a change in method of estimating accruals for certain costs, partially offset by higher equipment costs.

Salaries and Benefits

Salaries and benefits increased to $142 million in 2023 from $129 million in 2022. As a percentage of revenue, salaries and benefits increased to 13.6% in 2023 from 9.2% in 2022.

This increase was primarily due to $30 million of incremental expense related to growth of our driver and warehouse employee headcount, partially offset by an $18 million reduction in office employee compensation due to lower headcount and lower incentive compensation expense.

Headcount, which includes drivers, warehouse personnel and office employees, was 5,864 and 4,783 as of June 30, 2023 and 2022, respectively. The increase in headcount related primarily to drivers as we have expanded the portion of drayage coverage handled by our own fleet, as well as the acquisition of TAGG, which added 671 warehouse employees.

Depreciation and Amortization

Depreciation and amortization expense increased to $35 million in 2023 from $32 million in 2022. This increase was primarily due to increased container and tractor depreciation expense as well as the amortization of intangibles related to the acquisition of TAGG. This expense, as a percentage of revenue, increased to 3.4% in 2023 from 2.3% in 2022. Depreciation expense includes transportation equipment, technology investments, leasehold improvements, office equipment and building improvements.

Insurance and Claims

Insurance and claims expense increased to $12 million in 2023 from $11 million in 2022. This increase was primarily due to increased auto liability expenses not covered by insurance which increased due to an increase in mileage run on our own trucking fleet. These expenses, as a percentage of revenue, increased to 1.1% in 2023 from 0.8% in 2022.

General and Administrative

General and administrative expenses decreased to $27 million in 2023 from $36 million in 2022. These expenses, as a percentage of revenue, remained consistent at 2.6% in both 2023 and in 2022.

This decrease was primarily due to a decrease in legal and acquisition-related expenses, bad debt expense and professional services expense including IT software expense, partially offset by increased expense due to the acquisition of TAGG and higher rent expense.

Gain on Sale of Assets, Net

Net gains on the sale of equipment decreased to $1 million in 2023 from $8 million in 2022. This decrease resulted from both less units sold and a lower average gain per unit sold in 2023 as compared to 2022. These gains, as a percentage of revenue, decreased to 0.1% in 2023 from 0.6% in 2022.

Other Income (Expense)

Other expense decreased to $1 million in 2023 from $2 million in 2022. Interest expense increased due primarily to higher interest rates on our debt to $3 million in 2023 from $1 million in 2022. This increase was offset by increased interest income to $2 million in 2023 due to higher interest rates on our cash balance.

Provision for Income Taxes

The provision for income taxes decreased to $15 million in 2023 from $33 million in 2022. We provided for income taxes using an effective rate of 23.9% in 2023 and an effective rate of 24.4% in 2022. The second quarter 2023 effective tax rate of 23.9% benefitted primarily from a change in state apportionment methodology.

Six Months Ended June 30, 2023 Compared to the Six Months Ended June 30, 2022

The following table summarizes our operating revenue by segment (in thousands):

Operating Revenue	**Six Months Ended June 30, 2023**	**2022**
Intermodal and Transportation Solutions	$ 1,323,881	$ 1,651,720
Logistics	922,690	1,089,597
Inter-segment eliminations	(53,844)	(41,738)
Total operating revenue	$ 2,192,727	$ 2,699,579

The following table summarizes our operating income by segment (in thousands):

Operating Income	**Six Months Ended June 30, 2023**	**2022**
Intermodal and Transportation Solutions	$ 80,981	$ 186,297
Logistics	59,294	66,399
Total operating income	$ 140,275	$ 252,696

Total consolidated operating revenue decreased 19% to $2,193 million in 2023 from $2,700 million in 2022.

Intermodal and Transportation Solutions ("ITS") revenue decreased 20% to $1,324 million primarily due to a 15% decrease in intermodal volume driven by elevated retailer inventory levels and soft import activity that impacted demand for our services, an 8% decrease in intermodal revenue per load (primarily due to lower price, fuel prices and mix) and a 1% decline in dedicated revenues due to lost customers, partially offset by growth with existing and new customers.

ITS operating income decreased to $81 million, 6% of revenue, as compared to $186 million, 11% of revenue, in the prior year due to lower volume, lower customer rates, higher equipment costs and lower surcharges and accessorial income. These headwinds were partially offset by lower drayage costs as we increased the portion of drayage handled on our own fleet to 76% in the first six months of 2023 as compared to 60% in the prior year, as well as an improvement in profitability at our Dedicated service line.

Logistics revenue decreased 15% to $923 million primarily driven by lower revenue per load in our brokerage service line and lower managed transportation service line revenue, partially offset by revenue from TAGG. Operating income was 6% of revenue in both 2023 and 2022. Operating income was $59 million as compared to $66 million last year, as lower revenue was partially offset by lower purchased transportation costs and our yield management initiatives.

The following is a summary of operating results and certain items in the consolidated statements of income as a percentage of revenue (in thousands):

	Six Months Ended June 30, 2023		**2022**	
Operating revenue	$ 2,192,727	100.0%	$ 2,699,579	100.0%
Operating expenses:				
Purchased transportation and warehousing	1,630,540	74.4%	2,058,248	76.2%
Salaries and benefits	279,254	12.7%	258,238	9.6%
Depreciation and amortization	70,835	3.2%	63,533	2.4%
Insurance and claims	24,359	1.1%	19,938	0.7%
General and administrative	52,298	2.4%	59,435	2.2%
Gain on sale of assets, net	(4,834)	-0.2%	(12,509)	-0.5%
Total operating expenses	2,052,452	93.6%	2,446,883	90.6%
Operating income	$ 140,275	6.4%	$ 252,696	9.4%

CONSOLIDATED OPERATING EXPENSES

Purchased Transportation and Warehousing

Purchased transportation and warehousing costs decreased 21% to $1,631 million in 2023 from $2,058 million in 2022.

Purchased transportation and warehousing costs declined as compared to prior year due to lower volumes, reductions in third party carrier costs and decreased use of third-party carriers for drayage in ITS, partially offset by higher equipment costs.

Salaries and Benefits

Salaries and benefits increased to $279 million in 2023 from $258 million in 2022. As a percentage of revenue, salaries and benefits increased to 12.7% in 2023 from 9.6% in 2022.

This increase was primarily due to $58 million of incremental expense related to growth of our driver and warehouse employee headcount, partially offset by a $37 million reduction in office employee compensation due to lower headcount and lower incentive compensation expense.

Depreciation and Amortization

Depreciation and amortization expense increased to $71 million in 2023 from $64 million in 2022. This increase was primarily due to increased container and tractor depreciation expense as well as the amortization of intangibles related to the acquisition of TAGG. This expense, as a percentage of revenue, increased to 3.2% in 2023 from 2.4% in 2022. Depreciation expense includes transportation equipment, technology investments, leasehold improvements, office equipment and building improvements.

Insurance and Claims

Insurance and claims expense increased to $24 million in 2023 from $20 million in 2022. This increase was primarily due to increased workers compensation costs and auto liability expenses not covered by insurance which increased due to an increase in mileage run on our own trucking fleet. These expenses, as a percentage of revenue, increased to 1.1% in 2023 from 0.7% in 2022.

General and Administrative

General and administrative expenses decreased to $52 million in 2023 from $59 million in 2022. These expenses, as a percentage of revenue, increased to 2.4% in 2023 from 2.2% in 2022.

This decrease was primarily due to a decrease in legal and acquisition-related expenses, bad debt expense and professional services expense including IT software expense, partially offset by increased expense due to the acquisition of TAGG and higher rent expense.

Gain on Sale of Assets, Net

Net gains on the sale of equipment decreased to $5 million in 2023 from $13 million in 2022. The decrease resulted from both less units sold and a lower average gain per unit sold in 2023 as compared to 2022. These gains, as a percentage of revenue, decreased to 0.2% in 2023 from 0.5% in 2022.

Other Income (Expense)

Other expense remained consistent at $3 million in both 2023 and in 2022. Interest expense increased to $6 million in 2023 from $3 million in 2022. This increase was due primarily to higher interest rates on our debt. Interest income increased to $3 million in 2023 due to higher interest rates on our cash balance.

Provision for Income Taxes

The provision for income taxes decreased to $29 million in 2023 from $59 million in 2022. We provided for income taxes using an effective rate of 21.4% in 2023 and an effective rate of 23.7% in 2022. The effective tax rate for the six months ended June 30, 2023 of 21.4% benefitted primarily from a change in state apportionment methodology.

LIQUIDITY AND CAPITAL RESOURCES

Our financing and liquidity strategy is to fund operating cash payments through cash received from the provision of services, cash on hand, and to a lesser extent, from cash received from the sale of equipment. As of June 30, 2023, we had $342 million of cash and $20.3 million of restricted investments. We generally fund our purchases of transportation equipment through the issuance of secured, fixed rate Equipment Notes. Payments for our other investing activities, investments in warehousing improvements and our capitalized technology investments, have been funded by cash on hand or cash flows from operations. Cash used in financing activities including the purchase of treasury stock has been funded by cash from operations or cash on hand. We have not historically used our Credit Facility to fund our operating, investing or financing cash needs, though it is available to fund future cash requirements as needed. In the last three years, we have funded our business acquisitions from cash on hand, though in the future we may elect to fund these activities through a combination of cash on hand, borrowings on our Credit Facility, or from issuance of secured or unsecured debt. Based on past performance and current expectations, we believe cash on hand and cash received from the provision of services, along with other financing sources, will provide us the necessary capital to fund transactions and achieve our planned growth for the next twelve months and the foreseeable future.

Cash provided by operating activities for the six months ended June 30, 2023 was approximately $221 million, which resulted primarily from net income of $108 million plus non-cash charges of $110 million and changes in operating assets and liabilities of $3 million.

Cash provided by operating activities totaled $221 million in 2023 compared to $201 million in 2022. The $20 million increase in cash flow was primarily due to increases in a positive change in operating assets and liabilities of $65 million, primarily due to a decrease in the accounts receivable balance, an increase in non-cash charges of $37 million partially offset by a decrease in net income of $82 million.

Net cash used in investing activities for the six months ended June 30, 2023 was $50 million which resulted from capital expenditures of $66 million, partially offset by proceeds from the sale of equipment of $15 million. Capital expenditures of $66 million related primarily to tractors of $35 million, containers of $14 million, technology investments of $8 million, warehouse equipment of $7 million and leasehold improvements of $2 million.

Capital expenditures decreased by approximately $20 million in 2023 as compared to 2022. The 2023 decrease was due to lower spend on our corporate headquarters of $15 million, decreases in container purchases of $14 million and technology investments of $7 million. These decreases were partially offset by increases in the purchase of tractors and warehouse equipment of $7 million each and leasehold improvements of $2 million.

In 2023, we estimate capital expenditures will range from $140 million to $150 million. This range is lower than the estimate we disclosed in our 2022 10-K of $170 million to $190 million, as we have reduced our planned purchase of containers in 2023. We expect transportation equipment purchases to range from $116 million to $124 million and technology and other investments will range from $24 million to $26 million. We plan to fund these expenditures with a combination of cash and debt.

Net cash used in financing activities for the six months ended June 30, 2023 was $115 million which includes purchases of treasury stock of $100 million, repayments of long-term debt of $56 million, cash for stock tendered for payments of withholding taxes of $8 million and finance lease payments of $1 million, partially offset by proceeds from the issuance of debt of $50 million. Debt incurred in 2023 was used to fund the purchase of transportation equipment.

The $121 million increase in cash used in financing activities for 2023 versus 2022 was primarily due to the increase in the purchase of treasury stock of $100 million, less proceeds from the issuance of debt of $16 million and increases in both cash paid for stock related to employee withholding taxes and repayments of long-term debt of $2 million each.

As a result of anticipated favorable timing differences, primarily related to depreciation and compensation, we expect our cash paid for income taxes in 2023 to be less than our income tax expense.

See Note 5 of the consolidated financial statements for details related to interest rates and commitment fees.

We have standby letters of credit that expire in 2023 and 2024. As of June 30, 2023 and December 31, 2022, our letters of credit were $1 million and $43 million, respectively.

As of June 30, 2023, and December 31, 2022, we had no borrowings under the Credit Agreement and our unused and available borrowings were $349 million and $307 million, respectively. We were in compliance with our debt covenants as of June 30, 2023 and December 31, 2022.

We are continually evaluating the possible effects of current economic conditions and reasonable and supportable economic forecasts in operational cash flows, including the risks of declines in the overall freight market and our customers' liquidity and ability to pay. We are monitoring working capital on a daily basis and are in frequent communications with our customers.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risk as of June 30, 2023 from that presented in our 2022 10-K.

Item 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures. As of June 30, 2023, an evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as such term is defined in Exchange Act Rule 13a-15(e)). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2023.

(b) Changes in Internal Control over Financial Reporting. There have been no changes in our internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) during the fiscal quarter ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

On August 22, 2022, we completed the acquisition of TAGG. We are currently integrating processes, employees, technologies and operations. Management will continue to evaluate our internal controls over financial reporting as we complete our integration.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

For information regarding legal proceedings, see Note 6 "Legal Matters" to the Consolidated Financial Statements included in Part I, Item 1. "Financial Statements."

Item 1A. RISK FACTORS

Investing in shares of our stock involves certain risks, including those identified and described in Part I, Item 1A of our 2022 10-K under the heading "Risk Factors." When any one or more of these risks materialize from time to time, the Company's business and stock price can be materially and adversely affected. There have been no material changes to the Company's risk factors since the 2022 Form 10-K.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In October 2022, the Board authorized the purchase of up to $200 million of our Class A Common Stock pursuant to a share repurchase program (the "2022 Program"). Under the 2022 Program, the shares may be repurchased in the open market or in privately negotiated transactions, from time to time subject to market and other conditions. The approved share repurchase program does not obligate us to repurchase any dollar amount or number of shares and the program may be modified, suspended or discontinued at any time. We purchased 1,323,425 shares under this authorization during the first six months of 2023.

We purchased 2,695 shares for $0.2 million during the second quarter of 2023 related to withholding upon vesting of restricted stock. The table below includes information on a monthly basis regarding the number of shares delivered to us to satisfy the mandatory tax withholding requirement upon vesting of restricted stock during the second quarter of 2023. These shares do not reduce the repurchase authority under the 2022 Program.

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Value of Shares that May Yet Be Purchased Under the Plan (in 000's)
April 2023	1,284	$ 83.47	-	$ 200,000
May 2023	761,063	$ 74.19	759,714	$ 143,638
June 2023	563,773	$ 77.41	563,711	$ 100,000
Total	1,326,120	$ 75.57	1,323,425	$ 100,000

Item 5. Other Information

None of the Company's directors or officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended June 30, 2023, as such terms are defined under Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit No.	Description
3.1	Certificate of Incorporation of Hub Group, Inc. (Amended as of June 26, 2023)
31.1	Rule 13a-14(a) Certification of Phillip D. Yeager, Chief Executive Officer.
31.2	Rule 13a-14(a) Certification of Geoffrey F. DeMartino, Chief Financial Officer.
32.1	Section 1350 Certifications of Phillip D. Yeager and Geoffrey F. DeMartino, Chief Executive Officer and Chief Financial Officer, respectively.
101	Inline XBRL Document Set for the unaudited consolidated financial statements and accompanying notes in Part 1, Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q.
104	Inline XBRL for the cover page of this Quarterly Report on Form 10-Q included in the exhibit 101 Inline XBRL Document Set.

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 hereunto duly authorized.

HUB GROUP, INC.

DATE: August 4, 2023

/s/ Geoffrey F. DeMartino

Geoffrey F. DeMartino
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ Kevin W. Beth

Kevin W. Beth
Executive Vice President, Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 3.1

CERTIFICATE OF INCORPORATION
OF
HUB GROUP, INC.

FIRST: The name of the Corporation is Hub Group, Inc.

SECOND: The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The nature of the business or purpose to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH:

Section 1. Authorized Stock. The total number of shares of capital stock which the Corporation shall have authority to issue is 100,000,000 consisting of 97,337,700 shares of Class A Common Stock with a par value of $0.01 per share ("Class A Common Stock"), 662,300 shares of Class B Common Stock with a par value of $0.01 per share ("Class B Common Stock") and 2,000,000 shares of Preferred Stock with a par value of $0.01 per share ("Preferred Stock"). The number of authorized shares of any class of stock of the Corporation may be increased or decreased by the affirmative vote of the holders of a majority of the votes of the Corporation entitled to be cast, voting together as a single class.

Section 2. Liquidation. Subject to any preferential rights in favor of any class of Preferred Stock, upon liquidation or dissolution of the Corporation, each issued and outstanding share of Class A Common Stock and each issued and outstanding share of Class B Common Stock shall be entitled to participate pro rata in the assets of the Corporation remaining after payment of, or adequate provision for, all known debts and liabilities of the Corporation.

Section 3. Class A Common Stock Voting Rights. Each issued and outstanding share of Class A Common Stock shall entitle the holder thereof to one vote on all matters presented for a vote of stockholders.

Section 4. Class B Common Stock.

A. Voting. Subject to the provisions for adjustment as set forth in Section 4(e) of this Article FOURTH, each issued and outstanding share of Class B Common Stock shall entitle the holder thereof to twenty (20) votes on all matters presented for a vote of stockholders and, except as required by applicable law, such shares shall be voted together with all issued and outstanding shares of Class A Common Stock as a single class.

B. Dividends. Each issued and outstanding share of Class B Common Stock shall entitle the holder thereof to receive, when and as declared by the Board of Directors, out of funds legally available therefor, a dividend equal to the dividend which each share of Class A Common Stock entitles the holder thereof to receive when and as declared by the Board of Directors out of funds legally available therefor. If a dividend or distribution payable in shares of Class B Common Stock is declared by the Board of Directors in respect of the outstanding shares of Class B Common Stock, the Board of Directors shall declare a simultaneous dividend or distribution payable in shares of Class A Common Stock in respect of the outstanding shares of Class A Common Stock. The Corporation shall not effect any subdivision, consolidation, reclassification or other change in the shares of Class B Common Stock unless the Corporation shall simultaneously effect an equivalent subdivision, reclassification or other change in the shares of Class A Common Stock.

C. Conversion. Each issued and outstanding share of Class B Common Stock shall, at any time and from time to time, at the option of, and without cost to, the holder thereof, be convertible into a share of Class A Common Stock. Upon any such conversion, the shares of Class B Common Stock surrendered in connection with such conversion shall be cancelled and may not be reissued.

D. Transfer. Upon any Transfer of shares of Class B Common Stock (other than a Transfer to a Permitted Transferee), the shares of Class B Common Stock so transferred shall automatically and without any further action by the Corporation be converted into an equivalent number of shares of Class A Common Stock. Upon any such conversion, the shares of Class B Common Stock surrendered in connection with such conversion shall be cancelled. For purposes of this Certificate of Incorporation, the term “Transfer” shall mean any transaction by which a holder of Class B Common Stock purports to assign shares of Class B Common Stock to another individual, corporation, proprietorship, firm, partnership, limited partnership, trust, association or other entity and shall include a sale, assignment, gift, bequest, pledge, encumbrance, hypothecation, mortgage or any other disposition by law or otherwise. For purposes of this Certificate of Incorporation, the term “Permitted Transferee” shall mean Phillip C. Yeager, the descendants (whether natural or adopted) of Phillip C. Yeager, the spouse of Phillip C. Yeager or any descendant (whether natural or adopted) of Phillip C. Yeager, an estate of any of the foregoing, any trust for the primary benefit of any one or more of the foregoing and any corporation, proprietorship, firm, partnership, limited partnership, trust, association or other entity, all of the outstanding equity securities of which are owned by any one or more of the foregoing.

E. Adjustments. In the event that the Corporation shall at any time (i) declare any dividend on the outstanding shares of Class A Common Stock payable in shares of Class A Common Stock, (ii) subdivide the outstanding shares of Class A Common Stock or (iii) combine the outstanding shares of Class A Common Stock into a smaller number of share, then in each such case the number of votes per share to which holders of shares of Class B Common Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Class A Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Class A Common Stock that were outstanding immediately prior to such event. Similar adjustments shall be made to the amount of dividends and amounts to be received upon liquidation or dissolution to which the holders of Class B Common Stock are entitled upon the occurrence of any of the events described in the preceding sentence.

F. Merger, Consolidation, etc. In any merger, consolidation or business combination to which the Corporation is a party, holders of Class A Common Stock and Class B Common Stock, shall receive the same kind and amount of consideration as that received by holders of the other class; provided, however, that in any such transaction in which holders of Class A Common Stock and Class B Common Stock are to receive shares of capital stock in another entity, the terms of the shares to be received by holders of Class B Common Stock may differ from the terms of the shares to be received by holders of Class A Common Stock only as to voting rights and only to the extent that voting rights differ between shares of Class A Common Stock and Class B Common Stock under this Certificate of Incorporation.

Section 5. Preferred Stock. The Board of Directors is authorized, subject to limitations prescribed by law, to provide for the issuance of the Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

A. The number of shares constituting that series and the distinctive designation of that series;
B. The rate of dividend, if any, and whether (and if so, on what terms and conditions) dividends shall be cumulative (and, if so, whether unpaid dividends shall compound or accrue interest) or shall be payable in preference or in any other relation to the dividends payable on any other class or classes of stock or any other series of the Preferred Stock;
C. Whether that series shall have voting rights in addition to the voting rights provided by law and, if so, the terms and extent of such voting rights;
D. Whether the shares shall be issued with the privilege of conversion or exchange and, if so, the terms and conditions of such conversion or exchange (including, without limitation, the price or prices or the rate or rates of conversion or exchange or any terms for adjustment thereof);

E. Whether the shares may be redeemed and, if so, the terms and conditions on which they may be redeemed (including, without limitation, the dates upon or after which they may be redeemed and the price or prices at which they may be redeemed, which price or prices may be different in different circumstances or at different redemption dates);
F. The amounts, if any, payable upon the shares in the event of voluntary liquidation, dissolution or winding up of the Corporation in preference of shares of any other class or series and whether the shares shall be entitled to participate generally in distributions on the Common Stock under such circumstances;
G. The amounts, if any, payable under the shares thereof in the event of involuntary liquidation, dissolution or winding up of the Corporation in preference of shares of any other class or series and whether the shares shall be entitled to participate generally in distributions on the Common Stock under such circumstances;
H. Sinking fund provisions, if any, for the redemption or purchase of the shares (the term “sinking fund” being understood to include any similar fund, however designated); and
I. Any other relative rights, preferences, limitations and powers of that series.

Section 6. Certificate of Incorporation and Bylaws. All persons who shall acquire stock in the Corporation shall acquire the same subject to the provisions of this Certificate of Incorporation and the Bylaws of the Corporation, as each may be amended from time to time.

FIFTH: The name and mailing address of the sole incorporator of the Corporation is as follows:

Michael J. Perlowski
Mayer, Brown & Platt
190 South LaSalle Street
Chicago, Illinois 60603

SIXTH: The number of directors of the Corporation shall be fixed from time to time by the vote of a majority of the entire Board of Directors, but such number shall in no case be less than three (3) nor more than twelve (12). Any such determination made by the Board of Directors shall continue in effect unless and until changed by the Board of Directors, but no such changes shall affect the term of any director then in office.

SEVENTH: Advance notice of nominations for the election of directors, other than nominations by the Board of Directors or a committee thereof, shall be given to the Corporation in the manner provided in the Bylaws.

EIGHTH: Except as otherwise required by law, special meetings of the stockholders of the Corporation may be called only by (i) the Board of Directors pursuant to a resolution approved by the affirmative vote of a majority of the directors then in office, (ii) the Chairman of the Board of the Corporation, if one is elected, (iii) the Chief Executive Officer of the Corporation or (iv) the holders of capital stock of the Corporation having at least a majority of the votes which could be cast by the holders of all shares of capital stock of the Corporation. Only those matters set forth in the notice of the special meeting may be considered or acted upon at such special meeting, unless otherwise provided by law.

NINTH: In addition to any other consideration which the Board of Directors may lawfully take into account, in determining whether to take or refrain from taking corporate action on any matter, including proposing any matter to the stockholders of the Corporation, the Board of Directors may take into account the long-term as well as short-term interests of the Corporation and its stockholders (including the possibility that these interests may be best served by the continued independence of the Corporation), customers, employees and other constituencies of the Corporation and its subsidiaries, including the effect upon communities in which the Corporation and its subsidiaries do business.

TENTH: The Corporation is to have perpetual existence.

ELEVENTH:

Section 1. Liability of Directors and Officers. A director or officer of this Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer, except to the extent such exemption from liability or limitation thereof is not permitted under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended. Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a director or officer of the Corporation existing hereunder with respect to any act or omission occurring prior to such repeal or modification.

Section 2. Indemnification. The Corporation shall indemnify, and advance expenses to, in accordance with the Bylaws of the Corporation, to the fullest extent permitted from time to time by the General Corporation Law of the State of Delaware or any other applicable laws as presently or hereafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, an action by or in the right of the Corporation), by reason of his acting as a director or officer of the Corporation (and the Corporation, in the discretion of the Board of Directors, may so indemnify a person by reason of the fact that he is or was an employee or agent of the Corporation or is or was serving at the request of the Corporation in any other capacity for or on behalf of the Corporation) against any liability or expense actually and reasonably incurred by such person in respect thereof; provided, however, the Corporation shall be required to indemnify an officer or director in connection with an action, suit or proceeding (or part thereof) initiated by such person only if such action, suit or proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. Such indemnification is not exclusive of any other right to indemnification provided by law or otherwise. The right to indemnification conferred by this Section 2 shall be deemed to be a contract between the Corporation and each person referred to herein.

Section 3. Payment of Claims. If a claim under Section 2 of this ARTICLE ELEVENTH is not paid in full by the Corporation within thirty days, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where any undertaking required by the Bylaws of the Corporation has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the General Corporation Law of the State of Delaware and Section 2 of this ARTICLE ELEVENTH for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of State of Delaware, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 4. Non-Exclusivity. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this ARTICLE ELEVENTH shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of this Certificate of Incorporation, bylaw, agreement, contract, vote of stockholders or disinterested directors, or otherwise.

Section 5. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this ARTICLE ELEVENTH, the General Corporation Law of the State of Delaware, or otherwise.

Section 6. Effect of Amendment. No amendment to or repeal of all or any part of this ARTICLE ELEVENTH shall adversely affect any right or protection existing at the time of such repeal or amendment.

TWELFTH: In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, adopt, alter, amend or repeal the Bylaws of the Corporation.

THIRTEENTH: Meetings of the stockholders may be held at such places, within or without the State of Delaware, as may be designated by or in the manner provided in the Bylaws. The books of the Corporation may be kept (subject to the provisions of any law or regulation) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation. Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

FOURTEENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation. No repeal, alteration or amendment of this Certificate of Incorporation shall be made unless the same is first approved by the Board of Directors of the Corporation pursuant to a resolution adopted by the affirmative vote of a majority of the directors then in office and thereafter approved by the stockholders. For purpose of the foregoing sentence and in addition to any other vote required by law, the affirmative vote of the holders of shares of capital stock having at least two-thirds of the votes which could be cast by the holders of all shares of capital stock entitled to vote thereupon (or such greater proportion as may be required by law), voting together as a single class, at a duly constituted meeting of stockholders called expressly for such purposes, shall be required to repeal, alter or amend any provisions of, or adopt any provision inconsistent with, Sections 4 or 5 of Article FOURTH or Articles SIXTH, SEVENTH, EIGHTH or NINTH or this Article FOURTEENTH.

Exhibit 31.1

CERTIFICATION

I, Phillip D. Yeager, certify that:

1. I have reviewed this report on Form 10-Q of Hub Group, 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 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: August 4, 2023

/s/ Phillip D. Yeager

Name: Phillip D. Yeager

Title: Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Geoffrey F. DeMartino, certify that:

1. I have reviewed this report on Form 10-Q of Hub Group, 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 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: August 4, 2023

/s/ Geoffrey F. DeMartino

Name: Geoffrey F. DeMartino

Title: Chief Financial Officer

Exhibit 32.1

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The following statement is provided by the undersigned to accompany the Form 10-Q for the quarter ended June 30, 2023 of Hub Group, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) and shall not be deemed filed pursuant to any provision of the Exchange Act of 1934 or any other securities law.

Each of the undersigned certifies that the foregoing Report on Form 10-Q fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Hub Group, Inc.

Date: August 4, 2023

/s/ Phillip D. Yeager	/s/ Geoffrey F. DeMartino
Phillip D. Yeager	Geoffrey F. DeMartino
Chief Executive Officer	Chief Financial Officer
Hub Group, Inc.	Hub Group, Inc.