



NEWS RELEASE

Daseke Announces Repurchase of Founder's Stock

11/14/2022

Company has announced a structured transaction to repurchase Founder's 28.6% position ADDISON, Texas, Nov. 14, 2022 (GLOBE NEWSWIRE) -- Daseke, Inc. (NASDAQ: DSKE) ("Daseke" or the "Company") announced today that it has entered into an agreement with its founder, Mr. Don R. Daseke, and his affiliates, to repurchase their total holdings (17,932,725 shares) in the Company at a purchase price of \$6.00 per share (the "Founder's Repurchase"). This represents a repurchase by the Company of approximately 28.6% of its issued and outstanding common shares as of November 9, 2022. The repurchase is expected to close later this week.

The total consideration for this repurchase is \$107.6 million. In exchange for the repurchased shares, the Company will pay \$40.0 million with cash on hand and issue 67,597 shares of Series B Perpetual Redeemable Preferred Stock ("Series B Preferred"), which will have an aggregate initial liquidation preference of \$67.6 million and will be redeemable at any time at the Company's option for the original liquidation preference plus accrued and unpaid dividends.

Jonathan Shepko, Chief Executive Officer of Daseke commented, "Shortly after announcing our \$40 million repurchase program, Mr. Daseke informed us of his desire to sell his holdings in the Company for estate planning purposes, retire from the Board and focus his efforts on his philanthropic interests. This provided us with a unique opportunity to repurchase a substantial portion of our outstanding shares on very friendly terms. Shifting capital earmarked for an open-market share buy-back to support this repurchase has put us in a great position to lock in what we believe to be an extremely attractive repurchase price in a single transaction, without straining our tradeable float. For the foreseeable future, our priority will now be continuing our trend of deleveraging our business."

Chuck Serianni, Chairman stated, "Our Board and management team are pleased to be able to opportunistically repurchase shares on terms very favorable to the Company. We believe this transaction clearly demonstrates our

confidence in the Company's operating model and strong belief the Company will continue to successfully execute in its transformation strategy, each of which are poised to generate significant future value for our shareholders." Serianni continued, "Mr. Daseke built the foundation of something truly special in Daseke, and we are thankful for his vision and his many years of service. We wish him well as he enters the next stage of his life, focused on extending his legacy through his charitable giving."

The Company's closing price on November 11, 2022 was \$5.97 and the 30-day volume-weighted-average-price (VWAP) was \$5.95.

Series B Redeemable Perpetual Preferred Stock

The Series B Preferred will be divided into two tranches: 1) Series B-1 (\$20,000,000) carrying a 13.0% cash-pay dividend; and 2) Series B-2 (\$47,597,000) carrying a 7.0% cash-pay dividend. The initial, blended dividend rate is 8.78%, payable quarterly. The Series B Preferred will be redeemable at any time, in part or in whole, at the Company's sole discretion, for the original liquidation preference plus accrued and unpaid dividends, with no prepayment penalties or call protections, but will otherwise be perpetual in term, with no conversion or equity-linked features. Any repayments to the Series B Preferred will be first allocated to reduce any outstanding amounts under the Series B-1. The Series B Preferred will rank subordinate to all outstanding secured and unsecured debt obligations, as well as the 7.625% Series A Convertible Cumulative Preferred Stock, in terms of payment and liquidation priority.

Other Material Terms of the Founder's Repurchase

As part of the Founder's Repurchase and effective therewith, Mr. Daseke will resign from the Company's Board of Directors. Mr. Daseke and his affiliates have also agreed to a 5-year standstill with the Company, whereby they will be prevented from purchasing any of the Company's stock.

Share Repurchase Plan

On November 1, 2022, the Company paused open-market repurchases of its stock under the repurchase program previously announced on September 30, 2022. From October 10, 2022 through October 31, 2022, the Company purchased 803,554 shares at a weighted average price of \$6.05 per share pursuant to a 10b5-1 plan. The net impact of these repurchases was included in the issued and outstanding share count (62,807,816) provided on the cover page to our Quarterly Report on Form 10-Q filed on November 9, 2022.

Pro Forma Adjustment Tables **

SHARE COUNT - PRO FORMA

Issued and Outstanding Shares (as of 11/9/2022)	62,807,816
Less: Founder's Repurchase	<u>17,932,725</u>
Net Issued and Outstanding Common Shares (as of 11/9/2022)	44,875,091
Weighted-average diluted common shares outstanding Q3 2022 *	71,922,814
Less: Founder's Repurchase	<u>17,932,725</u>
Pro Forma Weighted-average diluted common shares outstanding Q3 2022	53,990,089

CONDENSED CONSOLIDATED BALANCE SHEET - PRO FORMA (As of 9/30/2022) (\$ in millions)

	Actual	Adj.	Pro Forma
Cash and cash equivalents	\$ 188.3	\$ (40.0)	\$ 148.3
Total current assets	\$ 433.2	\$ (40.0)	\$ 393.2
Total assets	\$ 1,222.8	\$ (40.0)	\$ 1,182.8
Total current liabilities	\$ 258.4		\$ 258.4
Total liabilities	\$ 991.2		\$ 991.2
Stockholders' equity			
Series A convertible preferred	\$ 65.0		\$ 65.0
Series B-1 perpetual redeemable preferred		\$ 20.0	\$ 20.0
Series B-2 perpetual redeemable preferred		\$ 47.6	\$ 47.6
Additional paid-in capital	\$ 404.3	\$ (107.6)	\$ 296.7
Accumulated deficit	\$ (237.7)		\$ (237.7)
Total stockholders' equity	\$ 231.6	\$ (40.0)	\$ 191.6
Total liabilities and stockholders' equity	\$ 1,222.8	\$ (40.0)	\$ 1,182.8

EARNINGS PER SHARE - PRO FORMA

(based on diluted share count)

	Three Months Ended 9/30/22		Nine Months Ended 9/30/22	
	Actual	Pro Forma	Actual	Pro Forma
Diluted EPS	\$ 0.17	\$ 0.23	\$ 0.60	\$ 0.80
Adjusted Diluted EPS	\$ 0.34	\$ 0.45	\$ 0.99	\$ 1.31

WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING - PRO FORMA

	Q3	YTD 2022
Diluted GAAP WASO *	71,922,814	71,918,839
Net of Repurchase WASO	53,990,089	53,986,114
Diluted (adjusted) WASO	71,922,814	71,918,839
Net of Repurchase WASO	53,990,089	53,986,114
Net Income (\$ in millions)	\$ 11.3	\$ 39.5
Adjusted Net Income (\$ in millions)	\$ 24.1	\$ 71.1

LIQUIDITY - PRO FORMA
(As of 9/30/2022)
(\$ in millions)

	Actual	Adj.	Pro Forma
Cash and cash equivalents	\$ 188.3	\$ (40.0)	\$ 148.3
Revolving Line of Credit Availability	\$ 123.4	\$ -	\$ 123.4
Available Liquidity	\$ 311.7	\$ (40.0)	\$ 271.7
Net Debt	\$ 449.8	\$ 40.0	\$ 489.8

* Includes 5,652,173 shares of the Company's 7.625% Series A Convertible Cumulative Preferred Stock that are now dilutive in Q3 2022 Pro Forma.

** All figures indicated as "Pro Forma" in this news release give effect to the Founder's Repurchase as though it had occurred on December 31, 2021. Such pro forma disclosures have been prepared for informational purposes only and do not purport to represent what the actual results or financial position of the Company would have been had the Founder Repurchase occurred on the date assumed, nor are they necessarily indicative of future results of operations or financial position.

About Daseke, Inc.

Daseke, Inc. is the premier North American transportation solutions specialist dedicated to servicing challenging industrial end-markets. Daseke offers comprehensive, best-in-class services to a diversified portfolio of many of North America's most respected industrial shippers. For more information, please visit www.daseke.com.

Advisors

J.P. Morgan acted as financial advisor to Daseke in connection with the transaction.

Use of Non-GAAP Measures

This news release includes non-GAAP financial measures for the Company, including Adjusted Net Income, Adjusted Earnings Per Share and Net Debt.

Please note that the non-GAAP measures described below are not a substitute for, or more meaningful than, net income (loss), earnings (loss) per share or any other measure prescribed by GAAP, and there are limitations to using non-GAAP measures. Certain items excluded from these non-GAAP measures are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital, tax structure and the historic costs of depreciable assets. Also, other companies in Daseke's industry may define these non-GAAP

measures differently than Daseke does, and as a result, it may be difficult to use these non-GAAP measures to compare the performance of those companies to Daseke's performance. Because of these limitations, these non-GAAP measures should not be considered a measure of the income generated by Daseke's business or discretionary cash available to it to invest in the growth of its business. Daseke's management compensates for these limitations by relying primarily on Daseke's GAAP results and using these non-GAAP measures supplementally.

You can find the reconciliation of these non-GAAP measures to the nearest comparable GAAP measures in the tables below.

Adjusted Net Income and Adjusted Earnings Per Share

Daseke defines Adjusted Net Income (Loss) as net income (loss) adjusted for material items that management believes do not reflect our core operating performance. Daseke defines Adjusted Net Income (Loss) Per Share (which is also referred to as Adjusted Diluted EPS) as adjusted net income (loss) available to common stockholders divided by the weighted average number of shares of common stock outstanding during the period under the two-class method.

The Company's board of directors and executive management team use these measures as key measures of its performance and for business planning. These measures assist them in comparing its operating performance over various reporting periods on a consistent basis because it removes from operating results the impact of items that, in its opinion, do not reflect the Company's core operating performance. The Company believes its presentation of these measures are useful because they provide investors and industry analysts the same information that it uses internally for purposes of assessing its core operating performance.

Net Debt

Daseke defines net debt as total debt less cash and cash equivalents. The Company's board of directors and executive management team use net debt to help assess the Company's liquidity and evaluate and plan for future liquidity needs. The Company believes that the presentation of net debt is useful to investors because it provides additional information regarding the Company's overall liquidity, financial flexibility, capital structure and leverage.

Management's View of Core Operating Performance

In the non-GAAP measures discussed above, management refers to certain material items that management believes do not reflect the Company's core operating performance, which management believes represents its performance in the ordinary, ongoing and customary course of its operations. Management views the Company's

core operating performance as its operating results excluding the impact of items including, but not limited to, stock-based compensation, impairments, amortization of intangible assets, restructuring and business transformation costs, severance, and all income and expenses related to the Aveda Transportation and Energy Services ("Aveda") business. Management believes excluding these items enables investors to evaluate more clearly and consistently the Company's core operating performance in the same manner that management evaluates its core operating performance.

Although we ceased generating revenues from our Aveda business and completed the wind-down of our Aveda operations in 2020, we continued to recognize certain income and expenses from our Aveda business in 2021 and 2022. Such income and expenses relate primarily to, but is not limited to, workers compensation claims and insurance proceeds. Previously, to provide investors with information about the Company excluding the impact of the Aveda business, the Company presented certain GAAP and non-GAAP measures appended with ex-Aveda, which represented the measure excluding the impact of the Aveda business. However, beginning in the quarter ended March 31, 2022, the Company no longer provides ex-Aveda measures because the impact of the Aveda business is no longer material or meaningful to a discussion of the Company's operating results or financial condition (e.g., the comparable period in the prior year is now after the completion of the wind-down of the Aveda business). Instead, the income and expenses from our Aveda business will be considered as items that management believes do not reflect our core operating performance. Such income and expenses can be identified in the non-GAAP reconciliations under the adjustment called "Aveda expenses, net" and "Aveda operating expenses, net".

Forward-Looking Statements

This news release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "may," "will," "expect," "anticipate," "continue," "estimate," "project," "believe," "plan," "should," "could," "would," "forecast," "seek," "target," "predict," and "potential," the negative of these terms, or other comparable terminology. These forward-looking statements are based on information available as of the date of this release, and current expectations, forecasts and assumptions. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that the Company anticipates. Accordingly, forward-looking statements should not be relied upon as representing the Company's views as of any subsequent date, and the Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. Readers are cautioned not to place undue reliance on the forward-looking statements.

Forward-looking statements are subject to risks and uncertainties (many of which are beyond our control) that could cause actual results or outcomes to differ materially from those indicated by such forward-looking statements. These factors include, but are not limited to, general economic and business risks, such as downturns in customers' business cycles, disruptions in capital and credit markets and inflationary cost pressures, the Company's ability to adequately address downward pricing and other competitive pressures, the Company's insurance or claims expense, driver shortages and increases in driver compensation or owner-operator contracted rates, fluctuations in the price or availability of diesel fuel, increased prices for, or decreases in the availability of, new revenue equipment and decreases in the value of used revenue equipment, impact to the Company's business and operations resulting from the COVID-19 pandemic, seasonality and the impact of weather and other catastrophic events, the Company's ability to secure the services of third-party capacity providers on competitive terms, loss of key personnel, a failure of the Company's information systems, including disruptions or failures of services essential to our operations or upon which our information technology platforms rely, data or other security breach, or cybersecurity incidents, the Company's ability to execute and realize all of the expected benefits of its integration, business improvement and comprehensive restructuring plans, the Company's ability to realize all of the intended benefits from acquisitions or investments, the Company's ability to complete divestitures successfully, the Company's ability to generate sufficient cash to service all of the Company's indebtedness and the Company's ability to finance its capital requirements, restrictions in its existing and future debt agreements, increases in interest rates, changes in existing laws or regulations, including environmental and worker health safety laws and regulations and those relating to tax rates or taxes in general, the impact of governmental regulations and other governmental actions related to the Company and its operations, and litigation and governmental proceedings. Additional risks or uncertainties that are not currently known to us, that we currently deem to be immaterial, or that could apply to any company could also materially adversely affect our business, financial condition, or future results. For additional information regarding known material factors that could cause our actual results to differ from those expressed in forward-looking statements, please see Daseke's filings with the Securities and Exchange Commission, available at www.sec.gov, including Daseke's most recent annual report on Form 10-K and subsequent quarterly reports on Form 10-Q, particularly the section titled "Risk Factors."

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Daseke, Inc. and Subsidiaries
Reconciliation of Net Income (Loss) to Adjusted Net Income
Reconciliation of Earnings Per Share Pro Forma to Adjusted Earnings Per Share Pro Forma
(Unaudited)
(Dollars in millions, except share and per share data)

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Net income	\$ 12.6	\$ 43.3
Adjusted for:		
Income tax expense	9.9	21.0
Income before income taxes	22.5	64.3
Add:		
Stock based compensation	2.4	8.8
Impairment	—	7.8
Acquisition-related transaction expenses	0.4	3.7
Amortization of intangible assets	1.8	5.2
Debt refinancing related charges	—	—
Change in fair value of warrant liability	—	(4.7)
Aveda expenses, net	1.2	2.5
Other (1)	5.9	12.3
Adjusted income before income taxes	34.2	99.9
Income tax expense at adjusted effective rate	(10.1)	(28.8)
Adjusted Net Income	\$ 24.1	\$ 71.1
Net income	\$ 12.6	\$ 43.3
Less Series A preferred dividends	(1.3)	(3.7)
Net income attributable to common stockholders	11.3	39.6
Allocation of earnings to non-vested participating restricted stock units	—	(0.1)
Numerator for basic EPS - net income available to common stockholders - two class method	\$ 11.3	\$ 39.5
Effect of dilutive securities:		
Add back Series A preferred dividends	\$ —	\$ —
Add back allocation earnings to participating securities	—	0.1
Reallocation of earnings to participating securities considering potentially dilutive securities	—	(0.1)
Numerator for diluted EPS - net income available to common shareholders - two class method	\$ 11.3	\$ 39.5

(1) Other consists of business transformation costs, restructuring and severance.

Daseke, Inc. and Subsidiaries
Reconciliation of Earnings Per Share Pro Forma to Adjusted Earnings Per Share Pro Forma (continued)
(Unaudited)
(Dollars in millions, except share and per share data)

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Adjusted Net Income	\$ 24.1	\$ 71.1
Less Series A preferred dividends	(1.3)	(3.7)
Allocation of earnings to non-vested participating restricted stock units	(0.1)	(0.2)
Numerator for basic EPS - adjusted net income available to common shareholders - two class method	\$ 22.7	\$ 67.2
Effect of dilutive securities:		
Add back Series A preferred dividends	\$ 1.3	\$ 3.7
Add back allocation earnings to participating securities	0.1	0.2
Reallocation of earnings to participating securities considering potentially dilutive securities	—	(0.2)
Numerator for diluted EPS - adjusted net income available to common shareholders - two class method	\$ 24.1	\$ 70.9
Basic EPS - Pro Forma		
Net income attributable to common stockholders	\$ 0.25	\$ 0.87
Adjusted Net Income attributable to common stockholders	\$ 0.50	\$ 1.48
Diluted EPS - Pro Forma		
Net income attributable to common stockholders	\$ 0.23	\$ 0.80
Adjusted Net Income attributable to common stockholders	\$ 0.45	\$ 1.31
Weighted-average common shares outstanding Pro Forma:		
Basic	45,603,172	45,368,721

Diluted	<u>53,990,089</u>	<u>53,986,114</u>
Basic - adjusted	<u>45,603,172</u>	<u>45,368,721</u>
Diluted - adjusted	<u>53,990,089</u>	<u>53,986,114</u>

Daseke, Inc. and Subsidiaries
Reconciliation of total debt to net debt
Reconciliation of pro forma total debt to pro forma net debt
(As of September 30, 2022)
(Unaudited)
(In millions)

	Actual	Pro Forma
Term Loan Facility	\$ 394.0	\$ 394.0
Equipment term loans	220.7	220.7
Finance lease obligations	<u>23.4</u>	<u>23.4</u>
Total debt	638.1	638.1
Less: cash and cash equivalents	<u>(188.3)</u>	<u>(148.3)</u>
Net debt	\$ 449.8	\$ 489.8

Source: Daseke, Inc.