Mullen Group Ltd.

NEWS RELEASE

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Mullen Group Ltd.
Reports 2021 Third Quarter Financial Results including Record Revenue

(Okotoks, Alberta October 27, 2021) (TSX: MTL) Mullen Group Ltd. ("**Mullen Group**", "**We**", "**Our**" and/or the "**Corporation**"), one of Canada's largest logistics providers with a wide range of service offerings including less-than-truckload, truckload, warehousing, logistics, transload, oversized and specialized hauling transportation, today reported its financial and operating results for the period ended September 30, 2021, with comparisons to the same period last year. Full details of our results may be found within our Third Quarter Interim Report, which is available on SEDAR at www.sedar.com or on our website at www.mullen-group.com.

"*Very pleased to report that we have achieved record revenues for the quarter, in fact for any quarter. The main reason is acquisitions that were completed earlier this year. Not only have these quality companies contributed to our revenue growth, they operate in sectors of the economy that we view as having the best potential for growth. Everyone knows that the economy is driven by consumer spending but in today's economy the trend has never been more evident which is precisely why we have invested significant capital to acquire companies that provide logistics solutions to this sector of the economy*," commented Mr. Murray K. Mullen, Chairman and Chief Executive Officer.

"*Our core businesses, owned for more than one year, performed in line with our expectations. Consumer spending remained strong supporting our LTL, logistics and warehousing businesses. However, parts of the economy continued to be challenged with COVID-19 mandated workplace restrictions. The underinvestment in capital spending in Canada is very evident, directly impacting the role of capital investment to the economy. This was one of the primary reasons our flat deck transport business along with the majority of our Specialized & Industrial Services business was down again this quarter. The other reason is that this segment of the economy appeared to be the one that was impacted the most by the COVID-19 restrictions. Projects were slowed and delayed leading to lower revenues and reduced profitability at several of our Business Units. And while I view the slowdowns in capital spending to be temporary the reality is that our profitability was negatively impacted by these events in the third quarter. I suspect it's only a matter of time before capital once again begins to be deployed in the Canadian marketplace and when it does the Mullen Group will be well positioned. We are one of Canada's largest and leading logistics companies, servicing multiple industries and sectors of the economy. This is why it is so important that our organization continues to support all of our Business Units. Customers rely on our company to be there for them when their business requires transportation services. And we support our customers in difficult markets as well as during the good times*," added Mr. Mullen.

Key financial highlights for the third quarter of 2021 with comparison to 2020 are as follows:

HIGHLIGHTS

(unaudited) *($ millions)*	**Three month periods ended September 30** 2021	2020	Change
	$	$	%
Revenue			
Less-Than-Truckload	**169.1**	112.7	50.0
Logistics & Warehousing	**121.9**	86.2	41.4
Specialized & Industrial Services	**85.7**	92.4	(7.3)
U.S. & International Logistics	**57.0**	-	100.0
Corporate and intersegment eliminations	**(1.2)**	(0.4)	-
Total Revenue	**432.5**	**290.9**	**48.7**
Adjusted Operating income before depreciation and amortization [(1)]			
Less-Than-Truckload	**26.9**	20.7	30.0
Logistics & Warehousing	**22.7**	15.4	47.4
Specialized & Industrial Services	**15.6**	21.2	(26.4)
U.S. & International Logistics	**2.9**	-	100.0
Corporate	**(3.7)**	(2.4)	-
Total Adjusted Operating income before depreciation and amortization [(1)]	**64.4**	**54.9**	**17.3**

[(1)] Refer to notes section of Summary

Mullen Group generates cash in excess of its operating needs through a diversified business model combined with a highly adaptable and variable cost structure. The financial results for the three month period ended September 30, 2021 are as follows:

→ generated record quarterly revenue of $432.5 million, an increase of $141.6 million, or 48.7 percent, as compared to $290.9 million in 2020 due to $136.5 million of incremental revenue generated from acquisitions and internal growth resulting in:

- an increase of $56.4 million to $169.1 million in the Less-Than-Truckload segment
- an increase of $35.7 million to $121.9 million in the Logistics & Warehousing segment
- a decrease of $6.7 million to $85.7 million in the Specialized & Industrial Services segment
- added $57.0 million in our new U.S. & International Logistics segment

→ earned operating income before depreciation and amortization ("**OIBDA**") of $64.5 million, a decrease of $0.7 million as compared to $65.2 million in 2020.

→ earned adjusted operating income before depreciation and amortization ("**Adjusted OIBDA**") of $64.4 million, an increase of $9.5 million as compared to $54.9 million in 2020. Adjusted OIBDA is defined as OIBDA excluding the Canada Emergency Wage Subsidy ("**CEWS**"). CEWS was reduced to $0.1 million and $12.5 million for the three and nine month periods ending September 30, 2021, as compared to $10.3 million and $21.2 million for the same periods in 2020, respectively. This resulted in:

- an increase of $6.2 million to $26.9 million in the Less-Than-Truckload segment
- an increase of $7.3 million to $22.7 million in the Logistics & Warehousing segment
- a decrease of $5.6 million to $15.6 million in the Specialized & Industrial Services segment
- added $2.9 million in our new U.S. & International Logistics segment

Third Quarter Financial Results

Revenue increased by $141.6 million, or 48.7 percent, to a record of $432.5 million and is summarized as follows:

- Less-Than-Truckload segment up $56.4 million, or 50.0 percent, to $169.1 million - revenue improved by $56.4 million due to $47.9 million of incremental revenue generated from acquisitions, a $4.9 million increase in fuel surcharge revenue and from the continued strength in consumer spending.
- Logistics & Warehousing segment up $35.7 million, or 41.4 percent, to $121.9 million - revenue improved by $35.7 million due to $28.3 million of incremental revenue from acquisitions, a $2.8 million increase in fuel surcharge revenue and from a $4.6 million, or 5.6 percent increase in same store sales as economic activity continued to improve resulting in greater demand for freight services.
- Specialized & Industrial Services segment down $6.7 million, or 7.3 percent, to $85.7 million - revenue declined by $6.7 million mainly due to an $11.3 million reduction in revenue from Premay Pipeline Hauling L.P. and a $5.8 million decrease at Smook Contractors Ltd. There was a significant decline in major pipeline construction activity in British Columbia and construction projects in Manitoba, both were impacted by COVID-19 restrictions and temporary delays. These decreases were partially offset by an $8.2 million increase in revenue from drilling related services as higher crude oil and natural gas prices led to greater drilling related activity in western Canada and from $3.3 million of incremental revenue from acquisitions.
- U.S. & International Logistics segment added $57.0 million - this was the first reporting period for this segment generating $57.0 million of gross freight revenue from freight tendered through the company's logistics group or to contracted Station Agents. Revenue was above expectations due to the strong U.S. freight market and new business generated from the addition of new regional Station Agents.

Adjusted OIBDA increased by $9.5 million, or 17.3 percent, to $64.4 million and is summarized as follows:

- Less-Than-Truckload segment up $6.2 million, or 30.0 percent, to $26.9 million - Adjusted OIBDA improved due to $6.8 million of incremental OIBDA from acquisitions being somewhat offset by higher purchased transportation costs. Adjusted operating margin decreased to 15.9 percent as compared to 18.4 percent in 2020, due to lower margin generated by our recent acquisitions.
- Logistics & Warehousing segment up $7.3 million, or 47.4 percent, to $22.7 million - Adjusted OIBDA improved due to $5.7 million of incremental OIBDA from acquisitions and from improved performance by most Business Units. Adjusted operating margin increased to 18.6 percent as compared to 17.9 percent in 2020.
- Specialized & Industrial Services segment down $5.6 million, or 26.4 percent, to $15.6 million - Adjusted OIBDA declined due to a $6.5 million decrease relating to those Business Units providing specialized services including pipeline stockpiling and stringing services being somewhat offset by a $2.1 million increase from those Business Units tied to drilling and drilling related activity. Adjusted operating margin decreased by 4.7 percent to 18.2 percent as compared to 22.9 percent in 2020 due to a change in revenue mix associated with large diameter pipeline projects.
- U.S. & International Logistics segment added $2.9 million of Adjusted OIBDA, which represents a margin of 5.1 percent of gross revenue. This margin is lower than our asset based segments due to the nature of the business.

Net income decreased by $8.7 million to $17.5 million, or $0.18 per Common Share due to:

- A $4.6 million increase in amortization of intangible assets, a $3.1 million increase in depreciation of right-of-use assets, a $1.4 million increase in finance costs, a $0.7 million decrease in the gain on sale of property, plant and equipment, a $0.7 million decrease in OIBDA and a $0.4 million gain on fair value of equity investment in 2020.
- The above was partially offset by a $2.6 million decrease in income tax expense.

A summary of Mullen Group's results for the three and nine month periods ended September 30, 2021 and 2020 are as follows:

SUMMARY

(unaudited) *($ millions, except per share amounts)*	**Three month periods ended September 30**			**Nine month periods ended September 30**		
	2021	**2020**	**Change**	**2021**	**2020**	**Change**
	$	$	%	$	$	%
Revenue	**432.5**	290.9	48.7	**1,035.5**	866.6	19.5
Operating income before depreciation and amortization[(1)]	**64.5**	65.2	(1.1)	**170.6**	165.4	3.1
Adjusted Operating income before depreciation and amortization[(2)]	**64.4**	54.9	17.3	**158.1**	144.2	9.6
Net foreign exchange (gain) loss	**(0.2)**	(0.1)	100.0	**(1.5)**	(2.5)	(40.0)
Decrease (increase) in fair value of investments	**0.3**	0.1	200.0	**(0.8)**	1.4	(157.1)
Net income	**17.5**	26.2	(33.2)	**52.2**	53.9	(3.2)
Net Income - adjusted[(3)]	**17.8**	25.6	(30.5)	**49.5**	53.1	(6.8)
Earnings per share[(4)]	**0.18**	0.27	(33.3)	**0.54**	0.53	1.9
Earnings per share - adjusted[(3)]	**0.19**	0.26	(26.9)	**0.51**	0.52	(1.9)
Net cash from operating activities	**37.3**	47.4	(21.3)	**132.2**	172.3	(23.3)
Net cash from operating activities per share[(4)]	**0.39**	0.48	(18.8)	**1.37**	1.69	(18.9)
Cash dividends declared per Common Share	**0.12**	0.09	33.3	**0.36**	0.24	50.0

Notes:

*(1) Operating income before depreciation and amortization ("**OIBDA**") is defined as net income before depreciation of right-of-use assets and of property, plant and equipment, amortization of intangible assets, finance costs, net foreign exchange gains and losses, other (income) expense and income taxes.*

*(2) Adjusted OIBDA is calculated by subtracting the Canada Emergency Wage Subsidy ("**CEWS**") from OIBDA.*

(3) Net income - adjusted and earnings per share - adjusted are calculated by adjusting net income and basic earnings per share by the amount of any net foreign exchange gains and losses, the change in fair value of investments, gains on contingent consideration and the gain on fair value of equity investment.

(4) Earnings per share and net cash from operating activities per share are calculated based on the weighted average number of Common Shares outstanding for the period.

*Non-GAAP Terms - Mullen Group reports on certain financial performance measures that are described and presented in order to provide shareholders and potential investors with additional measures to evaluate Mullen Group's ability to fund its operations and information regarding its liquidity. In addition, these measures are used by management in its evaluation of performance. These financial performance measures ("**Non-GAAP Terms**") are not recognized financial terms under Canadian generally accepted accounting principles ("**Canadian GAAP**"). For publicly accountable enterprises, such as Mullen Group, Canadian GAAP is governed by principles based on IFRS and interpretations of IFRIC. Management believes these Non-GAAP Terms are useful supplemental measures. These Non-GAAP Terms do not have standardized meanings and may not be comparable to similar measures presented by other entities. Specifically, Adjusted OIBDA, adjusted operating margin, operating margin, net income - adjusted and earnings per share - adjusted are not recognized terms under IFRS and do not have standardized meanings prescribed by IFRS. Management believes these measures are useful supplemental measures. Investors should be cautioned that these indicators should not replace net income and earnings per share as an indicator of performance.*

Financial Position

The following summarizes our financial position as at September 30, 2021, along with some key changes that occurred during the third quarter of 2021:

- Working capital of $65.1 million including $85.2 million of amounts drawn on our $150.0 million RBC Credit Facility. On October 1, 2021, we also entered into a $100.0 million revolving demand credit facility with the Canadian Imperial Bank of Commerce, giving us access to a total of $250.0 million in bank lines.
- Total net debt ($592.4 million) to operating cash flow ($223.6 million) of 2.65:1 as defined per our Private Placement Debt agreement (threshold of 3.50:1).
- Private Placement Debt of $462.1 million with no scheduled maturities until 2024 (average fixed rate of 3.93 percent per annum). Private Placement Debt increased by $8.0 million due to the foreign exchange loss on our U.S. $229.0 million debt.
- Book value of Derivative Financial Instruments up $8.2 million to $39.6 million, which swaps our $229.0 million of U.S. dollar debt at an average foreign exchange rate of $1.1096.
- Net book value of property, plant and equipment of $978.1 million, which includes $615.8 million of carrying costs of owned real property.
- Year to date, we repurchased and cancelled 2,267,248 Common Shares at an average price of $12.95 per share under our normal course issuer bid.

About Mullen Group Ltd.

Mullen Group is one of Canada's largest logistics providers. Our network of independently operated businesses provide a wide range of service offerings including less-than-truckload, truckload, warehousing, logistics, transload, oversized and specialized hauling transportation. In addition, we provide a diverse set of specialized services related to the energy, mining, forestry and construction industries in western Canada, including water management, fluid hauling and environmental reclamation. The corporate office provides the capital and financial expertise, legal support, technology and systems support, shared services and strategic planning to its independent businesses.

*Mullen Group is a publicly traded corporation listed on the Toronto Stock Exchange under the symbol "**MTL**". Additional information is available on our website at www.mullen-group.com or on SEDAR at www.sedar.com.*

Contact Information

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