Mullen Group Ltd.

NEWS RELEASE

Head Office: 121A - 31 Southridge Drive
Okotoks, Alberta, Canada
T1S 2N3
Tel: 403-995-5200
Toll-free: 1-866-995-7711
Fax: 403-995-5296

Mullen Group Ltd.
Reports 2021 Financial Results including Record Revenue

(Okotoks, Alberta February 9, 2022) (TSX: MTL) Mullen Group Ltd. ("**Mullen Group**", "**We**", "**Our**" and/or the "**Corporation**"), one of North America's largest logistics providers with a wide range of service offerings including less-than-truckload, truckload, warehousing, logistics, transload, oversized, third-party logistics and specialized hauling transportation, today reported its financial and operating results for the quarter and year ended December 31, 2021, with comparisons to the same period last year. Full details of our results may be found within our 2021 Annual Financial Review, which is available on the Corporation's issuer profile on SEDAR at www.sedar.com or on our website at www.mullen-group.com.

"*This is the second consecutive quarter that we achieved record revenue. Earlier this year we acquired six quality companies. They have driven, not only, revenue growth, we have expanded into new markets that we believe there is the potential for continued growth, gained access to an expanded customer base and added to our workforce at a time when recruiting new employees has turned into a real challenge. Suffice to say, I am most pleased with these investments*.

"*Aside from our strong financial performance, which could not have been attained without the commitment of a dedicated workforce, I was so impressed with how our entire team of logistics professionals handled the ongoing challenges associated with COVID-19. Our people responded in ways that I could not have imagined even a year ago. There were so many stress points, so much uncertainty and challenges, yet they still persevered to get the freight moved to customers. I am so proud to represent these hardworking essential workers*," commented Mr. Murray K. Mullen, Chairman and Chief Executive Officer.

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

HIGHLIGHTS

(unaudited) *($ millions)*	**Three month periods ended** December 31		
	2021	**2020**	**Change**
	$	$	%
Revenue			
Less-Than-Truckload	**168.8**	116.3	45.1
Logistics & Warehousing	**131.8**	96.8	36.2
Specialized & Industrial Services	**82.0**	84.8	(3.3)
U.S. & International Logistics	**61.2**	-	100.0
Corporate and intersegment eliminations	**(1.9)**	(0.2)	-
Total Revenue	**441.9**	**297.7**	**48.4**
Adjusted operating income before depreciation and amortization (1)			
Less-Than-Truckload	**25.7**	17.7	45.2
Logistics & Warehousing	**23.3**	18.9	23.3
Specialized & Industrial Services	**12.3**	14.6	(15.8)
U.S. & International Logistics	**2.0**	-	100.0
Corporate	**(2.7)**	(4.3)	-
Total Adjusted operating income before depreciation and amortization (1)	**60.6**	**46.9**	**29.2**

(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 December 31, 2021, are as follows:

→ generated record quarterly revenue of $441.9 million, an increase of $144.2 million, or 48.4 percent, as compared to $297.7 million in 2020 due to $136.1 million of incremental revenue generated from acquisitions and internal growth resulting in:

- an increase of $52.5 million to $168.8 million in the Less-Than-Truckload segment
- an increase of $35.0 million to $131.8 million in the Logistics & Warehousing segment
- a decrease of $2.8 million to $82.0 million in the Specialized & Industrial Services segment
- added $61.2 million of revenue in our new U.S. & International Logistics segment

→ earned adjusted operating income before depreciation and amortization ("**Adjusted OIBDA**") of $60.6 million, an increase of $13.7 million as compared to $46.9 million in 2020 resulting in:

- an increase of $8.0 million to $25.7 million in the Less-Than-Truckload segment
- an increase of $4.4 million to $23.3 million in the Logistics & Warehousing segment
- a decrease of $2.3 million to $12.3 million in the Specialized & Industrial Services segment
- added $2.0 million of Adjusted OIBDA in our new U.S. & International Logistics segment

Fourth Quarter Financial Results

Record quarterly revenue increasing by $144.2 million, or 48.4 percent, to $441.9 million and is summarized as follows:

- Less-Than-Truckload segment up $52.5 million, or 45.1 percent, to $168.8 million - revenue improved by $52.5 million due to $44.7 million of incremental revenue generated from acquisitions, a $6.9 million increase in fuel surcharge revenue and from the continued strength in consumer spending.
- Logistics & Warehousing segment up $35.0 million, or 36.2 percent, to $131.8 million - revenue improved by $35.0 million due to $26.3 million of incremental revenue from acquisitions, a $3.1 million increase in fuel surcharge revenue and from a $5.6 million increase in same store sales as economic activity continued to improve resulting in greater demand for freight services.
- Specialized & Industrial Services segment down $2.8 million, or 3.3 percent, to $82.0 million - revenue declined by $2.8 million mainly due to a $14.3 million reduction in revenue from Premay Pipeline Hauling L.P. ("**Premay Pipeline**") and a $3.3 million decrease at Smook Contractors Ltd. ("**Smook**"), resulting from a drop in pipeline activity and civil construction projects, respectively. These decreases were partially offset by a $4.6 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 $3.9 million of incremental revenue from acquisitions.
- U.S. & International Logistics segment added $61.2 million - this segment generated $61.2 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 $13.7 million, or 29.2 percent, to $60.6 million and is summarized as follows:

- Less-Than-Truckload segment up $8.0 million, or 45.2 percent, to $25.7 million - Adjusted OIBDA improved due to $7.0 million of incremental Adjusted OIBDA from acquisitions and strong demand being somewhat offset by higher purchased transportation costs. Adjusted operating margin remained consistent at 15.2 percent as compared to the same period in 2020.
- Logistics & Warehousing segment up $4.4 million, or 23.3 percent, to $23.3 million - Adjusted OIBDA improved due to $4.7 million of incremental Adjusted OIBDA from acquisitions and from the improved performance by most Business Units. These increases were somewhat offset by higher purchased transportation costs, which was mainly associated with the new acquisitions. As a result, adjusted operating margin decreased to 17.7 percent as compared to 19.5 percent in 2020.
- Specialized & Industrial Services segment down $2.3 million, or 15.8 percent, to $12.3 million - Adjusted OIBDA declined due to a $3.5 million decrease relating to those Business Units providing specialized services including pipeline hauling and stringing services being somewhat offset by a $1.5 million increase from those Business Units tied to drilling and drilling related activity. Adjusted operating

margin decreased by 2.2 percent to 15.0 percent as compared to 17.2 percent in 2020 due to a change in revenue mix associated with large diameter pipeline projects.

- U.S. & International Logistics segment added $2.0 million of Adjusted OIBDA in the quarter, which represents a margin of 3.3 percent of gross revenue. This margin is lower than our asset based segments due to the nature of the business.

Net income increased by 100.0 percent to $20.2 million, or $0.21 per Common Share due to:

- A $13.6 million increase in OIBDA, a $5.1 million decrease in the loss on sale of property, plant and equipment, a $1.1 million decrease in amortization of intangible assets and a $1.1 million increase in earnings from equity investments.
- The above was partially offset by a $4.5 million increase in income tax expense, a $2.8 million increase in depreciation of right-of-use assets, a $2.1 million increase in depreciation of property, plant and equipment, a $0.7 million increase in finance costs and a $0.7 million negative variance in net foreign exchange.

A summary of Mullen Group's results for the quarter and year ended December 31, 2021, are as follows:

SUMMARY

(unaudited) *($ millions, except per share amounts)*	Three month periods ended December 31			Twelve month periods ended December 31		
	2021	**2020**	**Change**	**2021**	**2020**	**Change**
	$	$	%	$	$	%
Revenue	441.9	297.7	48.4	1,477.4	1,164.3	26.9
Operating income before depreciation and amortization(1)	65.8	52.2	26.1	236.4	217.6	8.6
Adjusted operating income before depreciation and amortization(2)	60.6	46.9	29.2	218.7	191.1	14.4
Net foreign exchange loss (gain)	0.8	0.1	700.0	(0.7)	(2.4)	(70.8)
Decrease (increase) in fair value of investments	(0.4)	(0.4)	-	(1.2)	1.0	(220.0)
Net income	20.2	10.1	100.0	72.4	64.0	13.1
Net income - adjusted(3)	20.9	9.3	124.7	70.4	62.4	12.8
Earnings per share(4)	0.21	0.10	110.0	0.75	0.64	17.2
Earnings per share - adjusted(3)	0.22	0.10	120.0	0.73	0.62	17.7
Net cash from operating activities	65.8	52.5	25.3	198.0	224.8	(11.9)
Net cash from operating activities per share(4)	0.69	0.54	27.8	2.06	2.23	(7.6)
Cash dividends declared per Common Share	0.12	0.09	33.3	0.48	0.33	45.5

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, the gain on the fair value of equity investments and the gain on contingent consideration.

(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 revenue, 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.*

Year End Financial Results

Record revenue increasing by $313.1 million, or 26.9 percent, to $1.5 billion and is summarized as follows:

- Less-Than-Truckload segment up $141.5 million, or 31.9 percent, to $585.3 million - revenue improved by $141.5 million due to $104.9 million of incremental revenue generated from acquisitions, a $17.5 million increase in fuel surcharge revenue and from the continued strength in consumer spending.
- Logistics & Warehousing segment up $103.6 million, or 28.6 percent, to $465.6 million - revenue improved by $103.6 million due to $82.4 million of incremental revenue from acquisitions, a $6.8 million increase in fuel surcharge revenue and a $14.4 million increase in same store sales as economic activity continued to improve throughout the year resulting in greater demand for freight services.
- Specialized & Industrial Services segment down $48.6 million, or 13.4 percent, to $313.4 million - revenue declined by $48.6 million mainly due to a $46.2 million reduction in revenue from Premay Pipeline and a $14.8 million decrease at Smook, resulting from a drop in pipeline activity and civil construction projects, respectively. Revenue from the transportation of fluids and servicing of wells also declined by $9.0 million. These decreases were partially offset by a $13.3 million increase in revenue from drilling related services as demand for services improved in the last half of 2021 and from $10.4 million of incremental revenue from acquisitions.
- U.S. & International Logistics segment added $118.2 million - this new segment generated $118.2 million of gross freight revenue from freight tendered through the company's logistics group or to contracted Station Agents during the second half of 2021. 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 $27.6 million, or 14.4 percent, to $218.7 million and is summarized as follows:

- Less-Than-Truckload segment up $23.6 million, or 33.6 percent, to $93.9 million - Adjusted OIBDA improved due to $16.1 million of incremental Adjusted OIBDA from acquisitions and strong demand. Adjusted operating margin increased modestly to 16.0 percent as compared to 15.8 percent in 2020.
- Logistics & Warehousing segment up $17.9 million, or 27.3 percent, to $83.4 million - Adjusted OIBDA improved due to $16.9 million of incremental Adjusted OIBDA from acquisitions and from the improved performance by most Business Units. Adjusted operating margin decreased slightly to 17.9 percent as compared to 18.1 percent in 2020.
- Specialized & Industrial Services segment down $17.3 million, or 25.9 percent, to $49.4 million - Adjusted OIBDA declined due to a $19.1 million decrease relating to those Business Units providing specialized services including pipeline hauling and stringing services and a $2.6 million decrease from those Business Units involved in the transportation of fluids and servicing of wells being somewhat offset by a $4.4 million increase from those Business Units tied to drilling and drilling related activity. Adjusted operating margin decreased by 2.6 percent to 15.8 percent as compared to 18.4 percent in 2020 due to a change in revenue mix associated with large diameter pipeline projects.
- U.S. & International Logistics segment added $4.9 million of Adjusted OIBDA in the last two quarters of 2021, which represents a margin of 4.1 percent of gross revenue. This margin is lower than our asset based segments due to the nature of the business.

Net income increased by $8.4 million to $72.4 million, or $0.75 per Common Share due to:

- An $18.8 million increase in OIBDA, a $5.3 million increase in the gain on sale of property, plant and equipment, a $2.2 million positive variance in the fair value of investments and from a $0.2 million gain on contingent consideration.
- The above was partially offset by a $6.3 million increase in depreciation of right-of-use assets, a $5.3 million increase in amortization of intangible assets, a $1.9 million increase in finance costs, a $1.7 million negative variance in net foreign exchange, a $1.5 million increase in income tax expense, a $0.8 million increase in depreciation of property, plant and equipment, a $0.4 million negative variance in the fair value of equity investment, and a $0.2 million decrease in earnings from equity investments.

Financial Position

The following summarizes our financial position as at December 31, 2021, along with some key changes that occurred during the fourth quarter of 2021:

- Working capital of $50.8 million including $89.0 million of amounts drawn on our $250.0 million of bank lines of credit consisting of our RBC Credit Facility and our CIBC Credit Facility.
- Total net debt ($598.4 million) to operating cash flow ($237.2 million) of 2.52:1 as defined per our Private Placement Debt agreement (threshold of 3.50:1).
- Private Placement Debt of $460.7 million with no scheduled maturities until 2024 (average fixed rate of 3.93 percent per annum). Private Placement Debt decreased by $1.4 million due to the foreign exchange gain on our U.S. $229.0 million debt.
- Book value of Derivative Financial Instruments down $2.2 million to $37.4 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 $986.0 million, which includes $630.7 million of carrying costs of owned real property.
- Year to date, we repurchased and cancelled 3,469,869 Common Shares at an average price of $12.78 per share under our normal course issuer bid.

2022 – Another Year of Growth

"*Clearly acquisitions were the main driver of our revenue growth last year, in fact I suspect this may be the case for some time due to the current state of this economic cycle. The economy is running at near full capacity. We have virtually no way to add additional equipment to our fleet due to OEM allotments and there is a shortage of available workers, all of which explains why inflation has taken hold. In this environment we see growth through acquisition as the most plausible outcome. The other outcome will be higher pricing, feeding the inflation spiral. The worker shortage, higher wages, along with some serious productivity losses associated with new health and safety protocols, supply chain bottlenecks all contribute to a period of rising costs. We must adapt to these changing market conditions*.

"*As we start the new year COVID-19 continues to dominate the headlines and impact business, especially in Canada. Throughout our system, we are experiencing government mandates, blockades, coupled with a multitude of issues associated with the supply chain. It is our expectation that these issues will be temporary in nature and that the economy, along with our business, will recover as the year unfolds*," added Mr. Mullen.

About Mullen Group Ltd.

Mullen Group is one of North America'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, third-party logistics 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 the Corporation's issuer profile on SEDAR at www.sedar.com.*

Contact Information

Mr. Murray K. Mullen - Chairman of the Board, Chief Executive Officer and President
Mr. P. Stephen Clark - Chief Financial Officer
Mr. Richard J. Maloney - Senior Vice President
Ms. Joanna K. Scott - Corporate Secretary & Vice President, Corporate Services

121A - 31 Southridge Drive
Okotoks, Alberta, Canada T1S 2N3
Telephone: 403-995-5200
Fax: 403-995-5296

Disclaimer