Mullen Group Ltd.

NEWS RELEASE

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Mullen Group Ltd.
Reports 2024 First Quarter Financial Results

(Okotoks, Alberta April 25, 2024) (TSX: MTL) Mullen Group Ltd. ("**Mullen Group**", "**We**", "**Our**" and/or the "**Corporation**"), one of Canada's largest logistics providers today reported its financial and operating results for the period ended March 31, 2024, with comparisons to the same period last year. Full details of the results may be found within our First Quarter Interim Report, which is available on the Corporation's issuer profile on SEDAR+ at www.sedarplus.ca or at www.mullen-group.com.

"*Using our first quarter results as a barometer for the state of the general economy, one could conclude that the economy is definitely slowing. Across each of our operating segments we witnessed a softening in demand, accompanied by competitive market conditions. Consumer demand continued to decline, capital investment in Canada was noticeably weaker, and major project construction activity virtually ground to a halt. It's no wonder our results were down year over year*," commented Mr. Murray K. Mullen, Chair and Senior Executive Officer.

"*Fortunately, we have a diversified business model that helps mitigate rapid changes in the market and we have the capacity to pursue acquisitions, a core competency and competitive advantage of the Mullen Group. In the current period, for example, acquisitions added approximately $20.5 million in incremental new revenues, and we announced a transaction to acquire ContainerWorld Forwarding Services Inc., subject to regulatory approvals, one of the few bright spots in an otherwise challenging quarter. Shareholders will recall that we anticipated demand to be soft entering 2024. As such, we were well prepared, focusing on controlling those issues we could manage, like costs, restructuring initiatives and productivity initiatives, steps that will provide future benefits. During these challenging times we have already started preparing for the next business cycle. And we will pursue acquisitions to grow our extensive network of profitable well managed Business Units*," added Mr. Mullen.

Financial Highlights

(unaudited)	**Three month periods ended March 31**		
($ millions, except per share amounts)	**2024**	**2023**	**Change**
	$	$	%
Revenue	**462.6**	497.8	(7.1)
Operating income before depreciation and amortization	**66.2**	77.0	(14.0)
Net foreign exchange loss (gain)	**0.2**	(1.5)	(113.3)
Decrease (increase) in fair value of investments	**(0.1)**	0.3	(133.3)
Net income	**22.2**	31.7	(30.0)
Net Income - adjusted[1]	**22.4**	31.3	(28.4)
Earnings per share - basic	**0.25**	0.34	(26.5)
Earnings per share - diluted	**0.25**	0.33	(24.2)
Earnings per share - adjusted[1]	**0.25**	0.34	(26.5)
Net cash from operating activities	**38.6**	34.2	12.9
Net cash from operating activities per share	**0.44**	0.37	18.9
Cash dividends declared per Common Share	**0.18**	0.18	-

[1] *Refer to the section entitled "Non-IFRS Financial Measures"*.

First Quarter Highlights

- Generated revenue of $462.6 million - down 7.1 percent on slowing economic activity levels in Canada due to a lack of capital investment in the private sector, from lower demand for major construction projects including pipelines, a softening in freight and logistics demand and lower fuel surcharge revenue.
- Operating income before depreciation and amortization ("**OIBDA**") of $66.2 million - down 14.0 percent from prior year due to lower consolidated revenues being somewhat offset by $3.0 million of incremental OIBDA from acquisitions.
- Operating margin[1] declined to 14.3 percent from 15.5 percent due to higher selling and administrative ("**S&A**") expenses as a percentage of consolidated revenues, resulting from the relatively fixed nature of S&A expenses. Direct operating expenses ("**DOE**"), as a percentage of consolidated revenues, remained consistent year over year despite more competitive pricing conditions in certain markets and a reduction in higher margin specialized business.

First Quarter Commentary

(unaudited) ***($ millions)***	Three month periods ended March 31		
	2024	**2023**	**Change**
	$	$	%
Revenue			
Less-Than-Truckload	**182.5**	192.8	(5.3)
Logistics & Warehousing	**126.3**	144.1	(12.4)
Specialized & Industrial Services	**111.9**	112.8	(0.8)
U.S. & International Logistics	**44.4**	51.0	(12.9)
Corporate and intersegment eliminations	**(2.5)**	(2.9)	-
Total Revenue	**462.6**	**497.8**	**(7.1)**
Operating income before depreciation and amortization			
Less-Than-Truckload	**30.8**	31.8	(3.1)
Logistics & Warehousing	**22.5**	26.1	(13.8)
Specialized & Industrial Services	**16.7**	20.4	(18.1)
U.S. & International Logistics	**0.5**	1.2	(58.3)
Corporate	**(4.3)**	(2.5)	-
Total Operating income before depreciation and amortization	**66.2**	**77.0**	**(14.0)**

Revenue: A decrease of $35.2 million to $462.6 million due to softer freight and logistics demand, a lack of capital investment and projects, competitive pricing in certain markets and $12.0 million of lower fuel surcharge revenue being somewhat offset by $20.5 million of incremental revenue from acquisitions.

- LTL segment down $10.3 million, or 5.3 percent, to $182.5 million - this decline is mainly attributable to $9.4 million of lower revenue from Business Units (excluding fuel surcharge and acquisitions) due to a change in working days compared to last year, a slight decline in revenue per working day on lower freight demand, and a $6.4 million decrease in fuel surcharge revenue being offset by $5.5 million of incremental revenue from acquisitions.
- L&W segment down $17.8 million, or 12.4 percent, to $126.3 million - lower freight volumes and logistics demand, a lack of capital investment and competitive pricing in certain markets led to a $13.8 million reduction in revenue while fuel surcharge revenue decreased by $4.0 million due to lower diesel fuel prices.

- S&I segment down $0.9 million, or 0.8 percent, to $111.9 million - lower demand for pipeline hauling and stringing services at Premay Pipeline Hauling L.P. ("**Premay Pipeline**") accounted for an $8.1 million reduction in revenue while Smook Contractors Ltd. ("**Smook**") experienced a $4.6 million decline in revenue on lower demand for civil construction projects in northern Manitoba. The production services Business Units experienced a decline in revenue due to inclement weather delaying the commencement of certain projects and fuel surcharge revenue decreased by $1.6 million. Somewhat offsetting these declines was $15.0 million of incremental revenue from acquisitions and greater activity levels in the Western Canadian Sedimentary Basin, which resulted in higher revenue by the drilling related services Business Units while Canadian Dewatering L.P. ("**Canadian Dewatering**") also experienced greater demand for the sale of water management equipment.
- US 3PL segment down $6.6 million, or 12.9 percent, to $44.4 million - the 3PL industry in the U.S. continues to experience a notable decline in activity levels due to slowing freight volumes and excess trucking capacity. This trend was evident at HAUListic LLC, which experienced lower freight demand for full truckload shipments and lower pricing per shipment.

OIBDA: Generated $66.2 million of OIBDA, a decrease of $10.8 million, or 14.0 percent due to lower consolidated revenues. Operating margins[1] declined to 14.3 percent from 15.5 percent.

- LTL segment down $1.0 million, or 3.1 percent, to $30.8 million - this decrease was due to lower segment revenues being somewhat offset by $1.1 million of incremental OIBDA from acquisitions. Operating margin[1] improved by 0.4 percent to 16.9 percent as compared to 16.5 percent in the prior year period, primarily due to lower DOE resulting from more efficient operations.
- L&W segment down $3.6 million, or 13.8 percent, to $22.5 million - the decrease was mainly due to the impact of lower segment revenues. Operating margin[1] declined slightly by 0.3 percent to 17.8 percent as compared to 18.1 percent in 2023, primarily due to higher S&A expenses as a percentage of segment revenue resulting from the fixed nature of S&A expenses.
- S&I segment down $3.7 million, or 18.1 percent, to $16.7 million - the decrease was due to lower OIBDA at Premay Pipeline and Smook Contractors on reduced activity levels. Canadian Dewatering experienced lower OIBDA due to a change in sales mix and from preparing equipment for upcoming projects to commence later this year. The production services Business Units experienced a decline in OIBDA, which was somewhat offset by $1.9 million of incremental OIBDA from acquisitions and improved OIBDA by our drilling related services Business Units. Operating margin[1] decreased to 14.9 percent as compared to 18.1 percent on higher DOE and S&A expenses due to a greater proportion of lower margin business and from preparing equipment for project work to commence later in the year.
- US 3PL segment down $0.7 million to $0.5 million as compared to $1.2 million - the decrease was mainly due to lower segment revenues. Operating margin[1] decreased to 1.1 percent as compared to 2.4 percent last year due to higher DOE as a percentage of segment revenue, which resulted from competitive market conditions and the timing of when contract freight rates were entered into with customers as compared to spot market pricing and the availability of contractors in the open market. Operating margin[1] as a percentage of net revenue[1] was 12.8 percent as compared to 25.0 percent in 2023.
- Corporate costs up $1.8 million to $4.3 million - the increase was mainly attributable to higher information technology costs and higher salaries due to cost of living increases.

[1] *Refer to the sections entitled "Non-IFRS Financial Measures" and "Other Financial Measures".*

Net income: Net income decreased by $9.5 million, or 30.0 percent to $22.2 million, or $0.25 per Common Share due to:

- A $10.8 million decrease in OIBDA, a $1.7 million negative variance in foreign exchange, a $1.0 million increase in depreciation of right-of-use assets, a $0.9 million decrease in earnings from equity investments and a $0.8 million increase in finance costs.
- These decreases were somewhat offset by a $3.1 million decrease in income tax expense, a $0.6 million increase in gain on sale of property, plant and equipment, a $0.6 million decrease in depreciation of property, plant and equipment, a $0.6 million loss on fair value of equity investment recognized in 2023, a $0.4 million positive variance in change in fair value of investments and a $0.4 million decrease in amortization of intangible assets.

Financial Position

The following summarizes our financial position as at March 31, 2024, along with some key changes that occurred during the first quarter:

- Increased the borrowing capacity on the Bank Credit Facilities to $375.0 million by entering into a new $125.0 million credit agreement with PNC Bank Canada Branch.
- Borrowings on the Bank Credit Facilities increased by $17.8 million in the quarter to $90.8 million. The borrowing availability on our Bank Credit Facilities was over $280.0 million as at March 31, 2024.
- Working capital deficit of $111.7 million, which is mainly due to reclassifying $217.2 million of Private Placement Debt notes (net of Cross-Currency Swaps) maturing in October 2024. We expect to be able to replace these notes with new long-term debt in 2024.
- Total net debt[1] ($619.8 million) to operating cash flow ($319.2 million) of 1.94:1 as defined per our Private Placement Debt agreement (threshold of 3.50:1).
- Private Placement Debt of $481.0 million (average fixed rate of 3.93 percent per annum) with principal repayments (net of Cross-Currency Swaps) of $217.2 million and $207.9 million due in October 2024 and October 2026, respectively. Private Placement Debt increased by $7.4 million due to the foreign exchange loss on our U.S. $229.0 million debt recognized in the first quarter of 2024.
- Book value of Derivative Financial Instruments up $7.2 million to $50.6 million, which swaps the principal portion of 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 $1.0 billion, which includes $653.6 million of historical cost of owned real property.
- Repurchased and cancelled 56,608 Common Shares at an average price of $13.98 per share under our normal course issuer bid during the first quarter of 2024.

[1] *Refer to the section entitled "Other Financial Measures".*

Non-IFRS Financial Measures

Mullen Group reports its financial results in accordance with International Financial Reporting Standards ("**IFRS**"). Mullen Group reports on certain non-IFRS financial measures and ratios, which do not have a standard meaning under IFRS and, therefore, may not be comparable to similar measures presented by other issuers. Management uses these non-IFRS financial measures and ratios in its evaluation of performance and believes these are useful supplementary measures. We provide shareholders and potential investors with certain non-IFRS financial measures and ratios to evaluate our ability to fund our operations and provide information regarding liquidity. Specifically, net income - adjusted, earnings per share - adjusted, and net revenue are not measures recognized by IFRS and do not have standardized meanings prescribed by IFRS. For the reader's reference, the definition, calculation and reconciliation of non-IFRS financial measures are provided in this section. These non-IFRS financial measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. Investors are cautioned that these indicators should not replace the forgoing IFRS terms: net income, earnings per share, and revenue.

Net Income – Adjusted and Earnings per Share – Adjusted

The following table illustrates net income and basic earnings per share before considering the impact of the net foreign exchange gains or losses, the change in fair value of investments, and the loss on fair value of equity investment. Management adjusts net income and earnings per share by excluding these specific factors to more clearly reflect earnings from an operating perspective.

(unaudited) *($ millions, except share and per share amounts)*	**Three month periods ended March 31**	
	2024	**2023**
Income before income taxes	**$ 29.8**	$ 42.4
Add (deduct):		
Net foreign exchange loss (gain)	**0.2**	(1.5)
Change in fair value of investments	**(0.1)**	0.3
Loss on fair value of equity investment	**-**	0.6
Income before income taxes – adjusted	**29.9**	41.8
Income tax rate	**25%**	25%
Computed expected income tax expense	**(7.5)**	(10.5)
Net income – adjusted	**22.4**	31.3
Weighted average number of Common Shares outstanding – basic	**88,052,799**	92,649,808
Earnings per share – adjusted	**$ 0.25**	$ 0.34

Net Revenue

Net revenue is calculated by subtracting DOE (primarily comprised of expenses associated with the use of Contractors) from revenue. Management calculates and measures net revenue within the US 3PL segment as it provides an important measurement in evaluating our financial performance as well as our ability to generate an appropriate return in the 3PL market.

(unaudited) *($ millions)*	**Three month periods ended March 31**	
	2024	**2023**
Revenue	**$ 44.4**	$ 51.0
Direct operating expenses	**40.5**	46.2
Net Revenue	**$ 3.9**	$ 4.8

Other Financial Measures

Other financial measures consist of supplementary financial measures and capital management measures.

Supplementary Financial Measures

Supplementary financial measures are financial measures disclosed by a company that (a) are, or are intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of a company, (b) are not disclosed in the financial statements of a company, (c) are not non-IFRS financial measures, and (d) are not non-IFRS ratios. The Corporation has disclosed the following supplementary financial measure.

Operating Margin

Operating margin is a supplementary financial measure and is defined as OIBDA divided by revenue. Management relies on operating margin as a measurement since it provides an indication of our ability to generate an appropriate return as compared to the associated risk and the amount of assets employed within our principal business activities.

(unaudited) *($ millions)*	Three month periods ended March 31			
		2024		**2023**
OIBDA	**$**	**66.2**	$	77.0
Revenue	**$**	**462.6**	$	497.8
Operating margin		**14.3%**		15.5%

Capital Management Measures

Capital management measures are financial measures disclosed by a company that (a) are intended to enable users to evaluate a company's objectives, policies and processes for managing the entity's capital, (b) are not a component of a line item disclosed in the primary financial statements of the company, (c) are disclosed in the notes of the financial statements of the company, and (d) are not disclosed in the primary financial statements of the company. The Corporation has disclosed the following capital management measure.

Total Net Debt

The term "*total net debt*" means all debt excluding the Debentures but includes the Private Placement Debt, lease liabilities, the Bank Credit Facilities and letters of credit less any unrealized gain on Cross-Currency Swaps plus any unrealized loss on Cross-Currency Swaps, as disclosed within Derivatives on the condensed consolidated statement of financial position. Total net debt is defined within our Private Placement Debt agreement and is used to calculate our total net debt to operating cash flow covenant. Management calculates and discloses total net debt to provide users with an understanding of how our debt covenant is calculated.

(unaudited) *($ millions)*		March 31, 2024
Private Placement Debt (including the current portion)	**$**	**481.0**
Lease liabilities (including the current portion)		**96.2**
Bank indebtedness		**90.8**
Letters of credit		**2.2**
Long-term debt (including the current portion)		**0.2**
Total debt		**670.4**
Less: unrealized gain on Cross-Currency Swaps		**(50.6)**
Add: unrealized loss on Cross-Currency Swaps		-
Total net debt	**$**	**619.8**

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, 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.sedarplus.ca.*

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Disclaimer

Mullen Group may make statements in this news release that reflect its current beliefs and assumptions and are based on information currently available to it and contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. This news release may contain forward-looking statements that are subject to risk factors associated with the overall economy and the oil and natural gas business. These forward-looking statements relate to future events and Mullen Group's future performance. All forward looking statements and information contained herein that are not clearly historical in nature constitute forward-looking statements, and the words "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "propose", "predict", "potential", "continue", "aim", or the negative of these terms or other comparable terminology are generally intended to identify forward-looking statements. Such forward-looking statements represent Mullen Group's internal projections, estimates, expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. These forward-looking statements involve known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Mullen Group believes that the expectations reflected in these forward-looking statements are reasonable; however, undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. In particular, forward-looking statements include but are not limited to the following: (i) that we will pursue acquisitions to grow our extensive network of profitable well managed Business Units. These forward-looking statements are based on certain assumptions and analyses made by Mullen Group in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. These assumptions include but are not limited to the following: (i) that acquisition opportunities will present themselves to Mullen Group; and (ii) that Mullen Group will generate sufficient cash in excess of our financial obligations to support our acquisition strategy for 2024. For further information on any strategic, financial, operational and other outlook on Mullen Group's business please refer to Mullen Group's Management's Discussion and Analysis available for viewing on Mullen Group's issuer profile on SEDAR+ at www.sedarplus.ca. Additional information on risks that could affect the operations or financial results of Mullen Group may be found under the heading "Principal Risks and Uncertainties" starting on page 50 of the 2023 Annual Financial Review as well as in reports on file with applicable securities regulatory authorities and may be accessed through Mullen Group's issuer profile on the SEDAR+ website at www.sedarplus.ca. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained herein is made as of the date of this news release and Mullen Group disclaims any intent or obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable Canadian securities laws. Mullen Group relies on litigation protection for forward-looking statements.