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Mullen Group Ltd. Reports 2022 First Quarter Financial Results including Record Revenue

(Okotoks, Alberta April 20, 2022) (TSX: MTL) Mullen Group Ltd. ("**Mullen Group**", "**We**", "**Our**" and/or the "**Corporation**"), one of North America's largest logistics providers today reported its financial and operating results for the period ended March 31, 2022, with comparisons to the same period last year. Full details of our results may be found within our First Quarter Interim Report, which is available on the Corporation's issuer profile on SEDAR at www.sedar.com or on our website at www.mullen-group.com.

"Expanding our service offerings through the acquisition of quality companies involved in the logistics space remains our number one priority as we strive to increase market penetration. This strategy is crucial to gaining future market share as shippers adjust to a structural change in the supply chain. No longer can logistics be taken for granted. It takes companies with scale and size, like Mullen Group, to handle the complexities associated with moving freight, because regardless of whether the shipment originates globally the freight must still be delivered locally," commented Mr. Murray K. Mullen, Chair and CEO.

"Investors should not be surprised by the strong growth year over year, as we have communicated our plan for 2022 on numerous occasions. What might not be as well known is how well our Business Units handled a multitude of challenges throughout the quarter. Issues like blockades and border closures, abnormal absenteeism associated with the Omicron breakout, and significant weather issues in key markets like Ontario and Manitoba all contributed to low productivity and higher costs. The most pressing challenge, however, was surging inflation and higher fuel costs. Collectively these issues hurt margins and profitability in the quarter, setting off another round of pricing increases to our customers. These are difficult discussions to have but are absolutely required to drive margin improvement in future quarters," added Mr. Mullen.

Key financial highlights for the first quarter of 2022 with comparison to 2021 are as follows:

First Quarter Summary

<i>(unaudited)</i> (\$ millions, except per share amounts)	Three month periods ended March 31		
	2022	2021	Change
	\$	\$	%
Revenue	456.9	290.5	57.3
Operating income before depreciation and amortization ⁽¹⁾	60.3	47.1	28.0
Adjusted operating income before depreciation and amortization ⁽²⁾	60.3	41.1	46.7
Net foreign exchange loss (gain)	3.3	(0.1)	-
Decrease (increase) in fair value of investments	(0.2)	(0.4)	(50.0)
Net income	16.4	13.0	26.2
Net Income - adjusted ⁽³⁾	19.5	11.8	65.3
Earnings per share ⁽⁴⁾	0.17	0.13	30.8
Earnings per share - adjusted ⁽³⁾	0.21	0.12	75.0
Net cash from operating activities	18.0	39.0	(53.8)
Net cash from operating activities per share ⁽⁴⁾	0.19	0.40	(52.5)
Cash dividends declared per Common Share	0.15	0.12	25.0

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, and the change in fair value of investments.
- (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.

First Quarter Financial Results

<i>(unaudited)</i> (\$ millions)	Three month periods ended		
	March 31		
	2022	2021	Change
	\$	\$	%
Revenue			
Less-Than-Truckload	175.6	120.7	45.5
Logistics & Warehousing	142.5	91.3	56.1
Specialized & Industrial Services	83.3	79.3	5.0
U.S. & International Logistics	57.3	-	-
Corporate and intersegment eliminations	(1.8)	(0.8)	-
Total Revenue	456.9	290.5	57.3
Adjusted operating income before depreciation and amortization ⁽¹⁾			
Less-Than-Truckload	23.1	18.3	26.2
Logistics & Warehousing	25.5	14.7	73.5
Specialized & Industrial Services	13.3	11.2	18.8
U.S. & International Logistics	1.1	-	-
Corporate	(2.7)	(3.1)	-
Total Adjusted operating income before depreciation and amortization ⁽¹⁾	60.3	41.1	46.7

⁽¹⁾ Refer to notes section of First Quarter Summary

Revenue increased by \$166.4 million, or 57.3 percent, to a record of \$456.9 million and is summarized as follows:

- LTL segment up \$54.9 million, or 45.5 percent, to \$175.6 million - revenue improved by \$54.9 million due to \$44.3 million of incremental revenue generated from acquisitions, an \$8.6 million increase in fuel surcharge revenue and from \$2.0 million of internal growth as the continued strength in consumer spending was virtually offset by severe winter conditions in certain markets.
- L&W segment up \$51.2 million, or 56.1 percent, to \$142.5 million - revenue improved by \$51.2 million due to \$29.0 million of incremental revenue from acquisitions, a \$4.3 million increase in fuel surcharge revenue and from \$17.9 million of internal growth due to higher spot market prices, an overall improvement in freight demand at virtually all of our Business Units.
- S&I segment up \$4.0 million, or 5.0 percent, to \$83.3 million - revenue increased by a modest \$4.0 million due to \$4.5 million of incremental revenue from the acquisition of Babine Truck & Equipment Ltd. and a \$1.1 million increase in fuel surcharge revenue. Revenue from our established Business Units declined by \$1.6 million due to a \$9.3 million decrease in pipeline hauling and stringing services revenue that was somewhat offset by greater revenue from those Business Units involved in the transportation of fluids and servicing of wells and from greater demand at Canadian Dewatering L.P. ("**Canadian Dewatering**").
- US 3PL segment added \$57.3 million - HAUListic LLC ("**HAUListic**") generated \$57.3 million of gross freight revenue, which 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 \$19.2 million, or 46.7 percent, to \$60.3 million and is summarized as follows:

- LTL segment up \$4.8 million, or 26.2 percent, to \$23.1 million - Adjusted OIBDA improved due to \$6.8 million of incremental Adjusted OIBDA from acquisitions being somewhat offset by lower Adjusted OIBDA from Gardewine Group Limited Partnership. Adjusted operating margin decreased to 13.2 percent as compared to 15.2 percent in 2021, due to rising costs and reduced productivity.
- L&W segment up \$10.8 million, or 73.5 percent, to \$25.5 million - Adjusted OIBDA improved due to \$5.1 million of incremental Adjusted OIBDA from acquisitions and from \$5.7 million of internal growth due to the strong performance at several of our Business Units. Adjusted operating margin increased to 17.9 percent as compared to 16.1 percent in 2021 as higher spot market prices more than offset inflationary costs.
- S&I segment up \$2.1 million, or 18.8 percent, to \$13.3 million - Adjusted OIBDA increased due to improved commodity prices resulting in greater activity levels in the Western Canadian Sedimentary Basin as well as the strong performance at Canadian Dewatering. These increases were somewhat offset by a \$2.0 million decline at Premay Pipeline Hauling L.P. Adjusted operating margin increased by 1.9 percent to 16.0 percent as compared to 14.1 percent in 2021 due to the strong performance at Canadian Dewatering.
- US 3PL segment generated \$1.1 million of Adjusted OIBDA in the quarter, representing a margin of 1.9 percent of gross revenue. Operating margin as a percentage of net revenue was 23.4 percent. Margins were negatively impacted by higher than normal Contractors expense as availability was extremely tight throughout most of the quarter, contributing to significantly higher spot market pricing. In addition, HAUListic incurred one-time administrative expenses related to the transition agreement with the previous owners.

Net income increased by \$3.4 million to \$16.4 million, or \$0.17 per Common Share due to:

- A \$13.2 million increase in OIBDA, a \$1.0 million increase in earnings due to the strong performance from equity investments and a \$0.4 million decrease in amortization of intangible assets.
- These increases were somewhat offset by a \$3.4 million negative variance in net foreign exchange, a \$3.3 million increase in income tax expense, a \$2.7 million increase in depreciation of right-of-use assets, a \$1.0 million increase in finance costs and a \$0.5 million increase in depreciation of property, plant and equipment.

Financial Position

The following summarizes our financial position as at March 31, 2022, along with some key changes that occurred during the first quarter of 2022:

- Working capital of \$56.4 million including \$111.2 million of amounts drawn on our \$250.0 million of bank credit facilities.
- Total net debt (\$638.4 million) to operating cash flow (\$250.4 million) of 2.55:1 as defined per our Private Placement Debt agreement (threshold of 3.50:1).

- Private Placement Debt of \$456.5 million with no scheduled maturities until 2024 (average fixed rate of 3.93 percent per annum). Private Placement Debt decreased by \$4.2 million due to the foreign exchange gain on our U.S. \$229.0 million debt.
- Book value of Derivative Financial Instruments down \$7.5 million to \$29.9 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 \$983.0 million, which includes \$627.0 million of carrying costs of owned real property.
- Repurchased and cancelled 926,961 Common Shares at an average price of \$12.01 per share under our normal course issuer bid.

Officer Appointment

Carson Urlacher has been appointed as Senior Accounting Officer of Mullen Group which aligns with his current roles and responsibilities managing the Corporation's disclosure compliance and internal controls. Additionally, we advise that Stephen Clark has been on leave for the majority of the first quarter. In his absence, Mr. Urlacher has assumed Mr. Clark's CFO responsibilities and will continue to do so until his return.

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.

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Disclaimer

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. Mullen Group believes that the expectations reflected in this news release are reasonable, but results may be affected by a variety of variables. The forward-looking information 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 information, 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. Additional information regarding the forward-looking statements is found on pages 28 and 29 of Mullen Group's Management's Discussion and Analysis.