2020/21 CHAIRMAN'S MESSAGE

Dear Friends and Fellow Shareholders:

***"The best time to plant a tree was 20 years ago.
The second-best time is now."***

This ancient proverb resonates with me as I look back at how many of our past decisions, including acquisitions, have shaped and defined what our organization is today – a **large, diversified, Canadian-based logistics company**. We planted the trees years ago so that our shareholders could harvest the fruit today. And just as we did yesterday, **we will plant new trees today** so that shareholders can benefit tomorrow. Quite simply – *there is no better time to plant for tomorrow than today*.

This is what traditional investing is all about. To those who know me, you understand that I am a disciple of value investing, a long-practised philosophy made famous by the likes of Warren Buffett and his trusted partner Charlie Munger. Value investing is how we built Mullen Group and why I believe we have been successful over many decades, despite capital market disruptions, business interruptions, commodity price swings, changes in regulatory and tax regimes, technological revolutions and tough competition. We carefully and thoughtfully studied every decision we made, always giving consideration to the long term.

But the world changes. Old norms are replaced with new ideas, new ways of thinking. Nothing remains constant. Yesterday the concept was labelled "change". Successful companies simply adapted and moved forward. Today it is known as "disruption". The meaning may be basically the same, but the velocity and the radical nature of the transformation taking place today are unprecedented, providing precious little time to adapt. Technology is driving an innovation trend that is lightning-quick, transforming everything everywhere.

We need look no further than the financial markets. New trading platforms like Robinhood, a commission-free tool for today's new investor who collaborates with like-minded peers on social media outlets like Reddit, have spawned a new form of investing, so different from the old ways that some refer to it as a form of online gambling. Individually, these new investors are not large, let alone are they institutional money managers. Collectively, however, when acting in unison they can become market movers. It appears this new investor is not interested in the old theory of value investing. But they sure are disrupting the capital markets and certain stocks. I wish them all success!

There are lessons to be learned here and it is within this context that I pen this message. And, I do admit, I am confused by some of what is occurring. But it is not my role to tell others what to do with their money. I do, however, have one simple message for our shareholders: we will not gamble or take undue risk with your investment. We will stick to what we know best and will plan for tomorrow the old-fashioned way: investing in what we understand and where we see the opportunity to generate free cash.

Such an approach might seem self-evident. It might even seem simplistic. But my belief is that investing in and operating great companies is how to build a sustainable and enduring business, one that investors will be proud to be part of. I trust that you will be reassured by this approach. Furthermore, I know our employees, the true front-line warriors in our organization, appreciate that we care about their long-term future. This I will not compromise.

In last year's annual message I highlighted how we had transitioned the Mullen Group over the course of the previous decade, from a company predominately focused on the oil and natural gas sector of the Canadian economy into one of Canada's largest and most diversified logistics providers. This is an excellent example of adapting to change. In the past, as capital flowed freely into the industry for year after year, we saw growth opportunity in the oil and natural gas sector.

But as we came to believe the tide was turning, we pivoted. And because all we have ever been focused on was transportation, whether it be equipment or products for the energy industry utilizing specialized equipment; water and fluid transported via pumps and hoses; or the trucking of consumer goods with the more conventional truck-and-trailer combination, we transitioned to focus on the *consumer part of the economy.* This was where we saw the opportunity for sustainable growth, an important part of our long-term strategic thinking.

Last year I also spoke about our Strategy, Plan and Expectations for 2020. It was the start of a new decade. I was full of optimism and excited about the future. We knew where we were going and we had a plan to achieve our goals. Then came COVID-19!

THE YEAR COVID-19 CHANGED THE WORLD

This is a worldwide health crisis of a sort that most of us have never experienced. It is akin to being at war. Not with another nation. Not with another group. With a virus. And as in all wars, there are nasty consequences. COVID-19 has harmed so many people. It has disrupted our lives. It has devastated many of our friends and their families. And it is not over. There will undoubtedly be lingering issues that only become evident over time. Like you, I worry about the most vulnerable. I wonder about how the young are coping, and what has happened to the quality of their education and to their job prospects. It tears at all of us that we cannot see our parents or other loved ones. This is the human side of this war, and it is painful.

As the CEO of this organization, there are other concerns that I must take into consideration. How the economy's recovery might unfold – its speed, its strength, what sectors might thrive and which ones might lag – rises to the very top! In 2020 there was a government-mandated economic recession, statistically the worst in modern history, as public health concerns took precedence over economic activity and job creation. In response, public policy makers and central bankers coordinated to flood the system with a combination of monetary and fiscal support. Public deficits have exploded to new record highs. *(I have purposely avoided using the word government deficits because all debts are ultimately owned and owed by the citizens of their country.)*

The short-term economic impact of this stimulus is evident, including at our company which performed exceptionally well given the circumstances. The economy rebounded rapidly after the initial mandated lockdowns, stay-at-home orders, travel restrictions and so forth. It is the longer term that one needs to focus on, because at the end of the day there are no "free rides". Public debt is now at unprecedented levels, which suggests that if interest rates rise, one of two things must happen. New tax revenues must be generated to pay higher borrowing costs, or something must be cut from government budgets, which politicians are typically disinclined to do. This then becomes the dilemma!

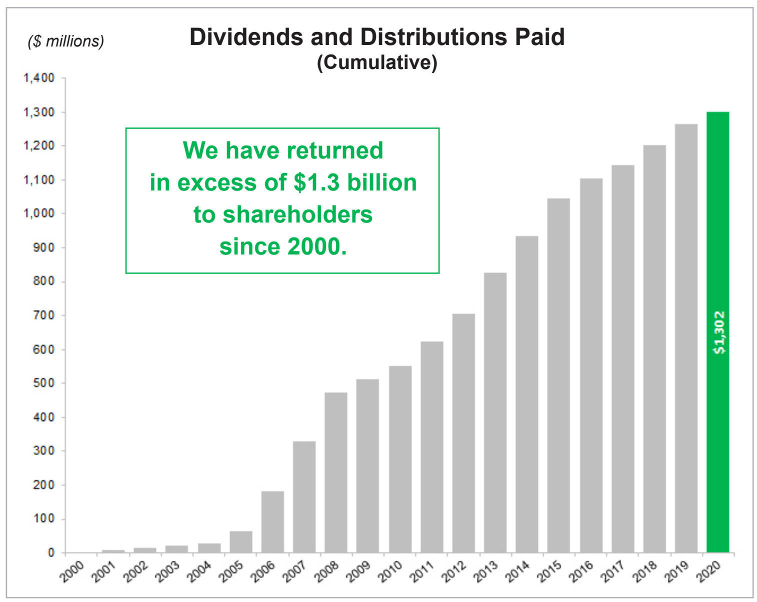
Will the economy grow, which may be inflationary, or will it be forced into contraction? It is virtually impossible to predict and I doubt anyone can, although many have strong opinions. But it does explain why I believe taking a practical and prudent approach to the future is warranted. For example, I am an avid believer in maintaining a strong balance sheet – just in case! And we have done so, with year-end 2020 long-term debt of $461.7 million – for a debt to annual operating cash flow ratio of only 2.1 times – unused borrowing capacity of $150.0 million and cash on hand of $105.3 million[(1)]. Striving to operate great businesses and a diversified portfolio of operating entities within the Canadian economy also provides a level of protection – because one never knows. Lastly, investing in new businesses that can generate future free cash is akin to planting the "***trees of tomorrow***". All told, I believe Mullen Group is as well-positioned as it can possibly be to handle whatever the economy might throw at us.

THE YEAR IN REVIEW

Last year's financial and operating performance has been well-documented and, as such, I refer you to our website for the complete details, www.mullen-group.com. The results show the true strength of our diversified business model. Overall revenues were down but the all-important metrics – profitability and cash flow – were up over 2019.

Of course, numbers are not created in a vacuum. They are the result of a few good business decisions and a great deal of hard work by a lot of people. I especially want to mention the front-line worker, our essential service provider. You were amazing. Thank you for everything you do for our company, for our customers and for our communities.

In addition to achieving good financial performance, we pursued a number of notable shareholder initiatives. The first concerned our all-important dividend. As previously mentioned, the plan for 2020 was to continue the longstanding tradition of returning a large portion of the free cash our business generates to our loyal shareholders. Our annual dividend was set at $0.60 per common share. By late February it was evident that COVID-19 was spreading throughout North America. We began to worry about the potential harmful effects on our business. The turmoil in Asian countries was threatening the global supply chain and generating tremendous economic uncertainty.



In early March we announced our COVID-19 Action Plan. It included a temporary suspension of the dividend. We had entered the year with a strong balance sheet, meaning that we could have continued making the monthly payments to shareholders. This just didn't make sense to me, however, given that we were forced to furlough and lay off a significant portion of our workforce. Our people were scared. They are not just drivers, warehouse attendants, mechanics and support staff – they are the essential worker.

As a result, the decision was made to interrupt the dividend and allocate the savings of $5.0 million to a Mullen Group Family Assistance Program, a support program for our people. This is a decision I am so proud of even though, as a large shareholder, I personally received no dividends during the suspension. It was the right thing to do. Thankfully, by the end of the second quarter it was becoming evident that the economy was emerging from its earlier dramatic decline and that government support was there for Canadians in need. As a result, we reinstated the dividend in July, albeit at a lower level. Still somewhat unsure of the strength of the Canadian economy, we set the dividend at $0.36 per common share for the

[1] Reference: Management's Discussion and Analysis dated February 10, 2021.

balance of the year. Just as important, we rehired the majority of our workforce. The worst was behind us! Our people were cared for, business was recovering and the dividend was reinstated.

The other shareholder initiative undertaken last year was the repurchase of shares under the approved Normal Course Issuer Bid. When the markets came under duress and some shareholders lost faith in our company, we happily bought back shares. In total we acquired 8 million shares, 7.9% of the number outstanding, at an average price of $6.70. This represents an investment of $53.4 million of shareholders' capital. It was by far the largest and best investment decision we made in 2020, as it will leverage our cash flow per share for many years to come, benefiting the company and shareholders. Once again, this is just another example of how we invest for the long term. Mullen Group's share price closed out the year at $10.90 per share.

Each year brings new challenges and clearly 2020 was no different from this perspective. But the arrival of COVID-19 was not something anyone planned for. And like many others, we adapted. We had our fair share of challenges but, as I described above, if one plans with the long term as a guiding principle, then good decisions can be made even as others panic. In addition to the many issues we faced over the course of the last year, two thoughts really resonated with me. The first and most obvious is how impactful the COVID-19 virus has been on society. The second is how resilient and adaptable people are. Nowhere is this more evident than in consumer spending trends. Consumers may have changed their spending patterns, but they did not quit spending altogether. Not only are we reading about how the economy has changed, we see it first-hand in our business.

Here is a quick overview of how the change in consumer habits has impacted our business:

I. ***Consumer Spending Trends***

Air travel and hospitality have been crushed, directly reducing employment levels and energy demand. In North America, government-support spending initiatives have helped cushion those most directly affected by the loss of employment. This supports individuals and families, which translates into economic activity through consumer spending. In addition, as consumers spend less on expensive vacations and other forms of travel, which has been estimated to be around 12%-15% of consumer disposable income, they shift their spending towards consumer goods.

In the earliest days of COVID-19, consumers focused their spending on necessities such as food and other basics, in other words their **needs**. But quickly thereafter, we saw a pickup in demand for other consumer categories such as home improvement, electronics and other durable goods. I have often referred to this as the **wants** makeup of consumer spending. This was a pleasant surprise to our warehousing and less-than-truckload ("LTL") business. On the other hand, with air travel curtailed, crude oil demand and pricing were pushed down. As a result, oil and natural gas producers suffered severely reduced cash flows, directly impacting everything from drilling activity to maintenance and capital investment. These were very difficult days for participants in the oil and natural gas industry. Challenging times, in fact, for the entire capital investment part of the economy.

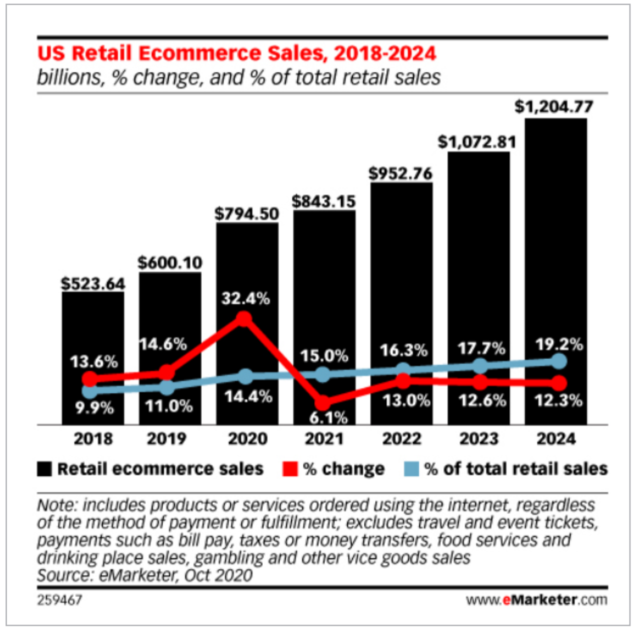
II. ***Technology Rules Everything (at least it seems that way)***

Social Distancing has changed the way we interact. Think how we all have adapted from in-person meetings at the office to online communicating. Work-from-home became widespread, at first because it was safety-related, but tomorrow it will be the new norm for conducting business for most office support staff. With the way that technology has transformed everything, we just don't need to be in the office much anymore. Business works in the digital world.

As for the vast majority of our workforce, their world has changed as well but for different reasons. Field workers, drivers, and warehouse staff will continue to work as before, but their jobs have been affected due to more bottlenecks in the supply chain, greater safety precautions, less personal interaction with the office and far more sick days. As productivity slows, costs go up. This is clearly a risk that we must carefully monitor.

III. *E-Commerce Accelerates*

There has been a trend toward online shopping for quite some time. That has been accelerated to a velocity over the past year that once was thought might take a decade to achieve. Direct home deliveries are here to stay, driving disruption of the traditional retail and supply chain model. This has changed how the supply chain must be managed and, I believe, changes the narrative from the "just-in-time" inventory management that has prevailed for at least the past two decades to what might be called "just in case". This implies a return to more warehousing of product, an increase in delivery lead-times for companies and small delivery-type vehicles. *The concept of final-mile delivery is now a reality.*



IV. *Safety, Safety and More Safety*

Everyone has become a germaphobe. The virus has altered the way people think and interact. Wash your hands. Stay away from people. Disinfect and clean everything. Wear the mask. And my view is that many of today's trends will remain regardless of when COVID-19 subsides. For our business, we have adopted new safety protocols, increased the use of personal protective equipment, and done even more to safeguard employee health and welfare. We know that there is increased scrutiny on everything, especially pharmacy and food. New regulations are costly to the consumer but create opportunity for those well-positioned.

V. *Evolving Macro Trends*

With COVID-19 came policy changes that have implications we must consider as part of our Strategic Initiatives. The most obvious of these is the massive increase in public spending, which has been supported by aggressive monetary policy. Government debt obligations have skyrocketed, interest rates have been manipulated by central banks to support massive public debt, all to a degree considered unfathomable barely one year ago. This experiment in what has been termed "Modern Monetary Theory" is akin to sailing in uncharted waters. We just do not know what will happen.

We do know that a lot of money is circulating in the system, which is affecting several asset classes. Stock valuations, for example, are at record levels. In addition, we continue to see rising real estate prices in big urban centres like the Greater Toronto Area and British Columbia's Lower Mainland, with real estate valuations increasing as interest rates have declined. Real estate owners are thus far the major beneficiaries. If, however, you are a lessor, rent expenses are increasing and I suspect will continue to rise. We are seeing firsthand how this trend affects our cost structure as landlords are demanding significantly higher returns as leases are renewed. It is our belief that freight prices will have to rise to offset these increases. Otherwise, profitability will be reduced.

In summary, it is my view that business on balance, and our business more specifically, will be a beneficiary of the changes in the economy, at least in the short term. Significant headwinds are possible over the longer term, perhaps even probable. I am leading this organization with the belief that the freight industry's future is bright and holds opportunities for those positioned to capitalize on them.

Here is a brief snapshot of how I believe the pandemic's effects will influence our three Operating Segments over the short term:

- **The Less-Than-Truckload segment** will benefit from any rise in consumer spending, which from all indicators appears to be accelerating and should continue to do so as long as the consumer either has job stability or government assistance. The primary driver of the LTL market is how many consumers are doing well, not who has wealth.

- **The Logistics & Warehousing segment** will remain stable given that consumer demand translates into freight demand. We do, however, need to see capital flows move away from real estate and capital preservation into capital investment to see any meaningful positive impact on our long-haul flat-deck business, which is not evident yet. Perhaps a change in tax policy or other forms of government encouragement will improve investors' risk appetite in this segment of the economy.

- **The Specialized & Industrial Services segment** will see the most change. This is a capital investment-driven segment and, accordingly, we will need to see a change in policy for any material positive developments in this segment. In the short term, pipeline construction will remain active, but this will start to wind down in 2022 as current projects near completion, directly impacting our Premay Pipeline Hauling Group. The good news is that we foresee stability returning to the oil and natural gas service industry now that most producers have survived the worst of the COVID-19 demand destruction and new pipelines are completed. The oil and natural gas industry has entered a "live within your cash flow" environment. As such, we expect some additional recovery in drilling activity along with more capital investment in maintenance, turnarounds and process improvements, which will benefit our Business Units in production services. The business at Canadian Dewatering L.P. and Smook Contractors Ltd. is expected to remain steady, with municipal and environmental services continuing to be required.

2021: STRATEGY, PLAN and EXPECTATIONS

In December we outlined by way of a press release our 2021 Business Plan and Budget. As such, there is no need to repeat the details. For reference, however, here is a summary:

Mullen Group Ltd.

2021 Business Plan:

- **Generate consolidated revenue of $1.2 to $1.3 billion.**
- **Achieve operating earnings of $200 to $220 million.**
- **$60 million capital budget, exclusive of corporate acquisitions or investment in facilities, land and buildings.**
  - **With $50 million allocated to maintenance capital and $10 million to fund growth and create jobs in Canada.**

To Support Our Plan…

- **Increase in annual dividend to shareholders from $0.36 to $0.48 per Common Share.**
- **In April 2021, intend on requesting approvals from TSX to renew a share buyback program.**
- **Pursue strategic acquisitions that can make a difference to our business. Our focus will be in the Less-Than-Truckload and Logistics & Warehousing segments of our business.**

I am pleased to provide an update to the Plan. **First**, we have increased the dividend and shareholders now receive $0.48 per common share annually, payable monthly beginning in January. **Second**, we have received approval from the TSX and have reactivated the Normal Course Issuer Bid, meaning that we will once again buy back common shares on the open market as allowed. Buying our own shares, at a discount to what we consider to be the Company's long-term value, is a great investment. **Third**, we just announced that we have signed a Letter of Intent to acquire APPS Transport Group, a large established transportation and logistics provider based in Ontario, expanding our LTL network (March 8, 2021 press release). **Lastly**, the basic guidance objectives outlined on the left side of the above chart remain, as originally announced in December.

As I write this, we are well on our way to meeting our 2021 objectives!

FINAL WORD

On a personal level it is difficult to put into words what has really transpired this past year, and I know that regardless of what I say or how I phrase my thoughts I can never do justice to the pain and disruption that has occurred. I am quite certain, however, that we can all agree on one point – I am done with COVID! And I cannot wait to get back to something that resembles the old normal.

On a professional and business level there have been disruptive days as well, however, nowhere like what has happened in our personal lives. This is most evident in the operating, financial and safety performance of the business. Consumer's needs were met during the early days of the pandemic by a robust supply chain and the extraordinary efforts of the front-line worker. Then something remarkable happened. Governments rushed to the rescue of almost everyone with support programs and money. The economy began to recover quickly as consumers opened their wallets contributing to a fast rebound in freight demand, the primary reason for the good financial performance of our organization last year. And despite the many new protocols, procedures and safety risks, our people met every challenge like true professionals. So, if you were to ask me what I was most proud of last year? It's not what I did. It was our PEOPLE – unparalleled service – totally committed – to each other and every customer.

Tomorrow is going to be most interesting and let us hope exciting. We have already set the stage for a renewed growth surge with our announcement to acquire APPS Transport Group. And I suspect that additional opportunities will emerge throughout the year as the transportation and logistics sector continue the trend towards consolidation. I also believe that the economy is poised for a robust recovery as COVID-19 is either eradicated or brought under control. For our Company it is not just about getting bigger. Our focus is on getting better for tomorrow, a world that will be dominated by those that master the digital revolution. We have started down this path and will be "***planting more trees***" so that our stakeholders of tomorrow will reap the benefits.

Sincerely, and on behalf of your Board of Directors,

Murray K. Mullen
Chairman, Chief Executive Officer and President
March 29, 2021

WE THINK tomorrow™