



# THIRD QUARTER INTERIM REPORT

FOR THE PERIOD ENDED SEPTEMBER 30, 2022

WE THINK **tomorrow**<sup>TM</sup>

## MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

This MD&A, dated October 19, 2022, has been prepared by management for the three and nine month periods ended September 30, 2022, and should be read in conjunction with (i) the audited annual consolidated financial statements for the fiscal year ended December 31, 2021 (the "**Annual Financial Statements**"), together with the Management's Discussion and Analysis thereon (the "**2021 MD&A**"), and (ii) the unaudited condensed interim consolidated financial statements for the three and nine month periods ended September 30, 2022, (the "**Interim Financial Statements**"). Any reference to "Mullen Group", "we", "us", "our" or the "Corporation" refers to Mullen Group Ltd., a corporation incorporated under the laws of the province of Alberta and includes its predecessors where context so requires. The Annual Financial Statements and other additional information are available on the Corporation's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on our website at [www.mullen-group.com](http://www.mullen-group.com). These documents are also available upon request, free of charge, from the Corporate Investor Services group at [ir@mullen-group.com](mailto:ir@mullen-group.com). This MD&A and the Interim Financial Statements were reviewed by Mullen Group's Audit Committee and approved by the Board of Directors (the "**Board**") on October 19, 2022.

The Interim Financial Statements have been prepared in accordance to and comply with International Financial Reporting Standards ("**IFRS**"), which include the International Accounting Standards ("**IAS**") and the interpretations developed by the International Financial Reporting Interpretations Committee ("**IFRIC**"), as issued by the International Accounting Standards Board ("**IASB**"). The Interim Financial Statements comply with IAS 34 Interim Financial Reporting and do not include all of the information required for annual financial statements. Unless otherwise indicated, all amounts contained in this MD&A are in Canadian funds, which is the functional currency of the Corporation.

### ADVISORY:

*Forward-looking statements – This MD&A reflects management's expectations regarding Mullen Group's future growth, financial condition, results of operations, performance, business prospects, strategies and opportunities and contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. Wherever possible, words such as "anticipate", "may", "will", "believe", "expect", "potential", "continue", "view", "objective", "should", "plan", "intend", "ongoing", "estimate", "project" or similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and assumptions and are based on information currently available to management. Forward-looking statements involve significant inherent risks and uncertainties, numerous assumptions and the risk that the predictions and forward-looking statements will not be achieved and that the actual results or events may differ materially from those anticipated in such forward-looking statements. A number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable beliefs and assumptions, Mullen Group cannot assure readers that actual results will be consistent with these forward-looking statements. Some of the risks and uncertainties include, but are not limited to certain strategic, financial and operational risks, most important of which are: (i) strategic risks which include but are not limited to geopolitical risks such as a slowdown in the general economy; reduced oil and natural gas drilling and decreased oil sands and heavy oil activity; changes in legal frameworks applicable to the Corporation; e-commerce and supply chain evolution; acquisitions; competition; (ii) financial risks which include but are not limited to prevailing interest rates; foreign exchange rates; change in the return on fair value of investments; access to financing; reliance on major customers; customer relationships; impairment of goodwill or intangible assets; credit risk; and (iii) operational risks which include but are not limited to employees & labour relations; labour disruption and driver retention; cost escalation & fuel costs; accidents; cost of liability insurance; digital infrastructure & cyber security; business continuity, disaster recovery & crisis management; environmental liability risks; weather & seasonality; access to parts, development of new technology & relationships with key suppliers; pandemics; political unrest or wars; regulatory framework governing matters such as tax and the environment in the jurisdictions in which the Corporation conducts and will conduct its business; government mandates and litigation. Given these risks and uncertainties, readers should not place undue reliance on the forward-looking statements contained in this MD&A. Readers are cautioned that the foregoing list of factors and risks is not exhaustive. Additional information on these and other factors and 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 69 of the 2021 MD&A as well as in reports on file with applicable securities regulatory authorities and may be accessed through the Corporation's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com). The forward-looking statements contained in this MD&A are made as of the date hereof and Mullen Group undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities law. Mullen Group relies on litigation protection for "forward-looking" statements. Additional information regarding the forward-looking statements contained in this MD&A and the material assumptions made in preparing such statements may be found under the heading "Forward-Looking Information Statements" beginning on page 31 of this MD&A.*

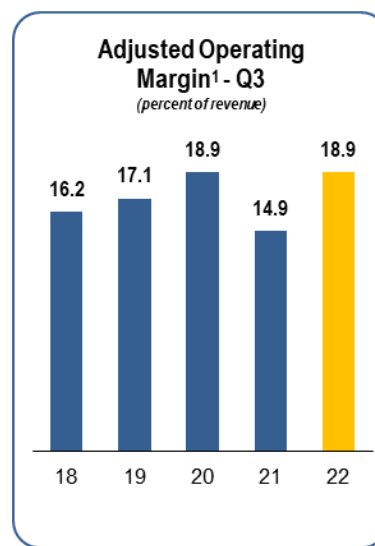
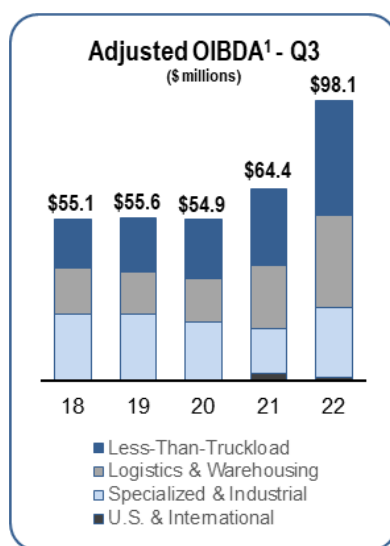
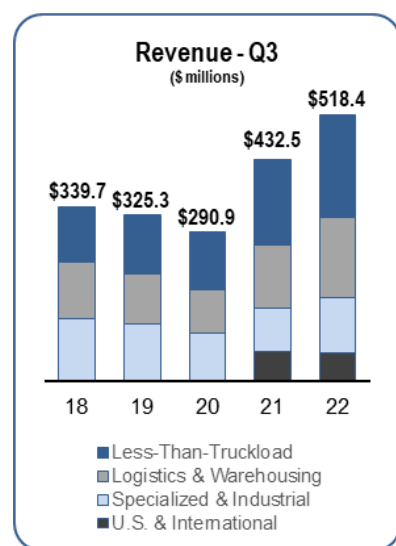
*Non-GAAP Terms – Mullen Group reports on certain financial performance measures that are described and presented in order to provide shareholders and potential investors with additional measures to evaluate Mullen Group's ability to fund its operations and information regarding its liquidity. In addition, 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<sup>1</sup>, adjusted operating margin<sup>1</sup>, operating margin<sup>1</sup>, net income – adjusted<sup>1</sup>, earnings per share – adjusted<sup>1</sup>, net capital expenditures<sup>1</sup>, net debt<sup>1</sup>, total net debt<sup>1</sup>, net revenue<sup>1</sup>, cash flow per share<sup>1</sup>, and consolidated direct operating expenses – adjusted for CEWS and HAUListic LLC<sup>1</sup> are not measures recognized by Canadian GAAP and do not have standardized meanings prescribed by Canadian GAAP. For the reader's reference, the definition, calculation and reconciliation of Non-GAAP Terms are provided in the "Glossary of Terms and Reconciliation of Non-GAAP Terms" section of this MD&A. The Non-GAAP Terms should not be considered in isolation or as a substitute for measures prepared in accordance with Canadian GAAP. Investors are cautioned that these indicators should not replace the forgoing Canadian GAAP terms: net income, earnings per share, purchases of property, plant and equipment, proceeds on sale of property, plant and equipment, and debt.*

<sup>1</sup> Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

## HIGHLIGHTS

### FINANCIAL PERFORMANCE:

| (unaudited)<br>(\$ millions, except share price and per share amounts) | Three month periods ended |                 |             | Nine month periods ended |                   |             |
|------------------------------------------------------------------------|---------------------------|-----------------|-------------|--------------------------|-------------------|-------------|
|                                                                        | September 30              |                 |             | September 30             |                   |             |
|                                                                        | 2022                      | 2021            | % Change    | 2022                     | 2021              | % Change    |
| <b>Revenue</b>                                                         |                           |                 |             |                          |                   |             |
| Less-Than-Truckload                                                    | \$ 201.6                  | \$ 169.1        | 19.2        | \$ 587.9                 | \$ 416.5          | 41.2        |
| Logistics & Warehousing                                                | 156.3                     | 121.9           | 28.2        | 455.5                    | 333.8             | 36.5        |
| Specialized & Industrial Services                                      | 108.8                     | 85.7            | 27.0        | 292.6                    | 231.4             | 26.4        |
| U.S. & International Logistics                                         | 54.7                      | 57.0            | (4.0)       | 169.2                    | 57.0              | 196.8       |
| Corporate and intersegment eliminations                                | (3.0)                     | (1.2)           | —           | (8.4)                    | (3.2)             | —           |
| <b>Total Revenue</b>                                                   | <b>\$ 518.4</b>           | <b>\$ 432.5</b> | <b>19.9</b> | <b>\$ 1,496.8</b>        | <b>\$ 1,035.5</b> | <b>44.5</b> |
| <b>Adjusted OIBDA<sup>1</sup></b>                                      |                           |                 |             |                          |                   |             |
| Less-Than-Truckload                                                    | \$ 41.1                   | \$ 26.9         | 52.8        | \$ 106.6                 | \$ 68.2           | 56.3        |
| Logistics & Warehousing                                                | 32.7                      | 22.7            | 44.1        | 88.7                     | 60.1              | 47.6        |
| Specialized & Industrial Services                                      | 24.6                      | 15.6            | 57.7        | 58.4                     | 37.1              | 57.4        |
| U.S. & International Logistics                                         | 1.5                       | 2.9             | (48.3)      | 4.8                      | 2.9               | 65.5        |
| Corporate                                                              | (1.8)                     | (3.7)           | —           | (6.2)                    | (10.2)            | —           |
| <b>Total Adjusted OIBDA<sup>1</sup></b>                                | <b>\$ 98.1</b>            | <b>\$ 64.4</b>  | <b>52.3</b> | <b>\$ 252.3</b>          | <b>\$ 158.1</b>   | <b>59.6</b> |
| <b>Net Income &amp; Share Information</b>                              |                           |                 |             |                          |                   |             |
| Net income                                                             | \$ 38.0                   | \$ 17.5         | 117.1       | \$ 97.1                  | \$ 52.2           | 86.0        |
| Earnings per share – basic                                             | \$ 0.41                   | \$ 0.18         | 127.8       | \$ 1.04                  | \$ 0.54           | 92.6        |
| Earnings per share – diluted                                           | \$ 0.39                   | \$ 0.18         | 116.7       | \$ 1.00                  | \$ 0.54           | 85.2        |
| Net income – adjusted <sup>1</sup>                                     | \$ 47.0                   | \$ 17.8         | 164.0       | \$ 110.6                 | \$ 49.5           | 123.4       |
| Earnings per share – adjusted <sup>1</sup>                             | \$ 0.51                   | \$ 0.19         | 168.4       | \$ 1.18                  | \$ 0.51           | 131.4       |
| Net cash from operating activities                                     | \$ 95.7                   | \$ 37.3         | 156.6       | \$ 162.5                 | \$ 132.2          | 22.9        |
| Net cash from operating activities per share                           | \$ 1.03                   | \$ 0.39         | 164.1       | \$ 1.74                  | \$ 1.37           | 27.0        |
| Share price – September 30                                             | \$ 14.24                  | \$ 12.88        | 10.6        | \$ 14.24                 | \$ 12.88          | 10.6        |



<sup>1</sup> Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



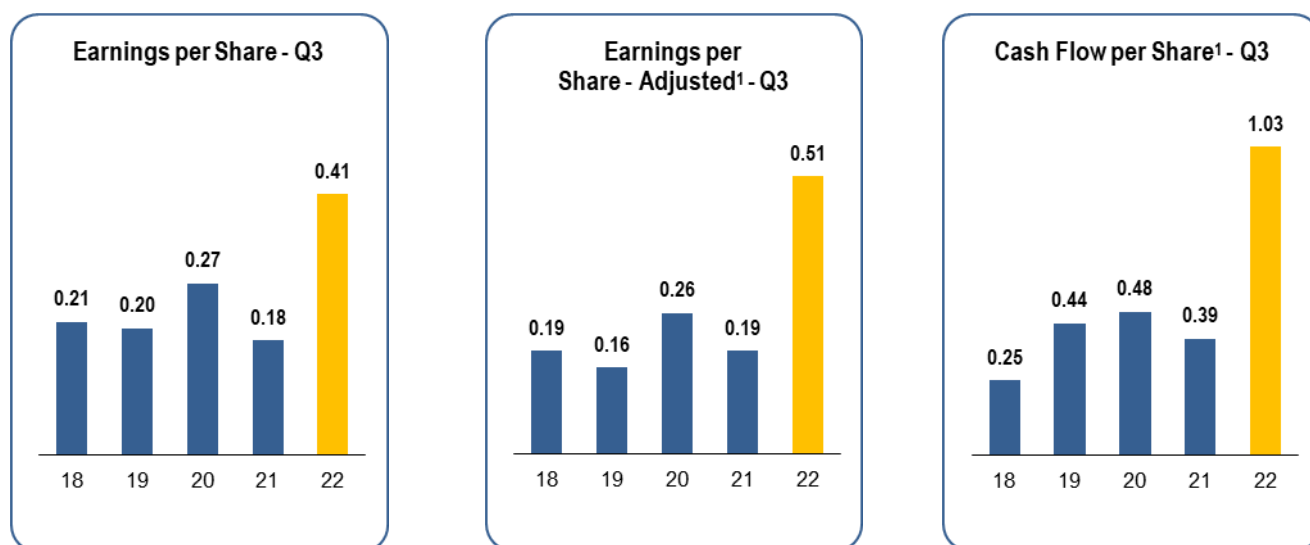
## FINANCIAL POSITION:

| (unaudited)<br>(\$ millions) | As at September 30 |            |          |
|------------------------------|--------------------|------------|----------|
|                              | 2022               | 2021       | % Change |
| Cash (bank indebtedness)     | \$ (90.0)          | \$ (79.0)  | 13.9     |
| Working capital              | \$ 94.6            | \$ 65.1    | 45.3     |
| Private Placement Debt       | \$ 484.4           | \$ 462.1   | 4.8      |
| Total assets                 | \$ 2,042.2         | \$ 1,931.3 | 5.7      |

- Well-structured balance sheet
  - Net debt<sup>1</sup> of \$576.1 million, which represents a debt to OIBDA ratio of 1.81:1
  - Private Placement Debt of \$484.4 million with no scheduled maturities until 2024 (average fixed rate of 3.93 percent per annum)
  - Private Placement Debt covenant of 1.98:1 (threshold 3.50:1)
- Real estate – historical cost of \$633.8 million
- Reduced the amount being borrowed on our Credit Facilities in the third quarter of 2022 by \$43.5 million to \$98.7 million

## Q3 PROGRESS:

- Generated record third quarter revenue and OIBDA.
- Return on equity improved to 16.6 percent in the quarter and 14.3 percent on a year to date basis.
- Announced three non-binding agreements to monetize non-core assets last quarter, one of which expired and did not close while the others could result in proceeds of approximately \$50.0 million.
- On track to complete the developments of a new 33,000 square foot cross dock and ambient terminal in Kamloops, British Columbia and the expansion of our Thunder Bay, Ontario facility consisting of an additional 10,000 square foot of ambient and perishable goods space in early 2023.
- Repurchased and cancelled 206,100 Common Shares at an average price of \$12.11.



<sup>1</sup> Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



## CORPORATE PROFILE

Mullen Group is one of Canada's largest logistics companies, providing a wide range of transportation, warehousing and distribution services throughout North America. Over the past three decades we have grown the business by focusing on operational excellence and being the preferred acquirer for business owners seeking a liquidity event, targeting profitable, well managed companies with strong brands operating in sectors of the economy we view as having the best opportunity for growth.

**WE ACQUIRE  
COMPANIES AND  
STRIVE TO  
IMPROVE THEIR  
PERFORMANCE**

We operate a decentralized business model through a number of wholly-owned companies and limited partnerships ("**Business Units**"). Each Business Unit is responsible for the financial and safety performance of the business. Financial oversight, capital, strategic planning and a wide range of shared services, such as legal support, human resource planning, payroll expertise and technology, are the responsibility of the corporate office ("**Corporate Office**"). We believe this model is the best way to achieve superior profitability, excellence in safety and provide a quality work environment for all employees.

Our diversified portfolio of logistics companies are involved in different sectors of the economy, a strategy we believe offers the best opportunity for long-term growth. The business is reported in four operating segments, each differentiated by the type of service provided, equipment requirements or geographic location. The segments are aligned with how financial information is reviewed, capital is allocated and operating performance is measured.



### ***Less-Than-Truckload***

The LTL segment is comprised of 11 regionally based Business Units focused on providing LTL shipments to over 5,000 communities throughout central and western Canada. Our extensive terminal network is generally regarded as one of the largest LTL networks in Canada, serving local and regional markets with a first and final mile service.

The Business Units utilize advanced technologies to track shipments providing visibility to customers, bar coding and connected dock to enhance service capabilities, and to coordinate the pickup, handling and delivery of small packages, parcels and pallets of all types of freight, including consumer products, goods requiring specialty ambient or temperature-controlled handling as well as general shipments.



### ***Logistics & Warehousing***

We own a large network of Business Units providing shippers throughout North America with a wide range of trucking and logistics services, utilizing company owned equipment and an extensive network of contractors.

Our L&W segment Business Units services include full truckload, specialized transportation, warehousing, fulfillment centres that handle e-commerce transactions, and transload facilities designed to handle intermodal containers and bulk shipments. Operations and customer service are supported by a robust suite of leading-edge technology solutions including transportation management systems, inventory management systems and warehouse management systems that are customizable and integrated into our customers operating systems.



### ***Specialized & Industrial Services***

We own unique businesses in sectors of the Canadian economy that require specialized equipment and services including the natural resources, energy, infrastructure and construction sectors.

Our S&I segment Business Units provide a wide range of service offerings including water management, environmental reclamation services, turnaround services & industrial maintenance, services that support the drilling of wells, well servicing and fluid hauling associated with the oil and gas industry in western Canada, along with transportation and logistics services for complex pipeline and industrial projects. Our Business Units are strategically situated throughout western Canada and operate fleets of highly specialized equipment, which generate superior returns on capital employed over the long term.





## **U.S. & International Logistics**

The transportation and movement of goods throughout the supply chain is critical to every company and an important component of the global economy representing approximately 10.0 percent of total GDP. 3PL, which is typically defined as providing non-asset based value-added transport services, is one of the fastest growing components of the supply chain. 3PL is a transportation management service, generally performed in conjunction with freight brokerage and requires a software platform to facilitate a seamless and efficient transaction, regardless of the mode of transportation required. In the United States, industry statistics estimate 3PL to be a U.S. \$160.0 billion industry.

The US 3PL segment currently consists of one Business Unit, HAUListic LLC ("**HAUListic**"), a Naperville, Illinois based 3PL provider, that offers a wide range of logistics services through a combination of professional representatives and a network of independently owned and managed Station Agents, to over 2,700 customers in the United States and Mexico, utilizing over 6,000 certified sub-contractor carriers. HAUListic owns a proprietary integrated transportation management platform, branded as SilverExpress, that provides real time information to customers and carriers, offering price and capacity discovery along with tracking and tracing capabilities.

## **Corporate**

The Corporate Office is responsible for capital allocation along with all regulatory filings and public reporting requirements. In addition, we own a large portfolio of real estate, primarily operating facilities used in the business. These facilities are generally held in MT Investments Inc. ("**MT**"), a subsidiary of the Corporation, and leased to the Business Units on commercial terms. Minority investments in either public corporations and private companies are held in the Corporate Office.

A more detailed description of the Business Units is set forth in the Annual Information Form, which is dated February 9, 2022, and is available on the Corporation's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com), our website at [www.mullen-group.com](http://www.mullen-group.com) or upon request, free of charge, from the Corporate Investor Services group at [ir@mullen-group.com](mailto:ir@mullen-group.com).

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## Capital Allocations

One of the key responsibilities of the Board is the allocation of capital. Our four priorities are: (i) acquisitions that improve our business and generate growth; (ii) capital expenditures to replace older inefficient equipment and to capture new growth opportunities, facilities and technology enhancements; (iii) consider and, if appropriate, allocate a portion of annual free cash to purchase for cancellation Common Shares in the open market pursuant to an approved normal course issuer bid ("**NCIB**"); and (iv) pay annual dividends to shareholders.

Senior Executives of the Corporation prepare a plan at the annual budget and strategy session for consideration by the Board. The approved plan for 2022 and progress to date is summarized below:

### Acquisitions

#### Plan:

- Acquire competing and complementary companies.

#### Progress:

- There were no acquisitions completed in the third quarter.
- In the second quarter, we acquired Willy's Trucking Service ("**Willy's**"), an Alberta based provider of regional LTL, general freight and logistics services in northern Alberta and northeastern British Columbia.
- In the first quarter, we acquired the assets and business of Monarch Messenger Services Ltd.

### Capital Expenditures

#### Plan:

- \$60.0 million allocated towards the replacement of operating equipment and for productivity improvements.
- \$10.0 million allocated to our sustainability initiatives, including next generation trucks.

#### Progress:

- In the third quarter, invested \$9.5 million (YTD – \$30.6 million) in new operating equipment and \$2.7 million (YTD – \$5.7 million) into facilities.
- Committed \$13.5 million towards sustainability initiatives for delivery in 2022 and 2023, primarily due to long lead times associated with supply chain disruptions.

### Normal Course Issuer Bid

#### Plan:

- The TSX approved the renewal of the NCIB on March 10, 2022.

#### Progress:

- In the third quarter, 206,100 Common Shares were purchased and cancelled at an average price of \$12.11.
- During the first nine months of 2022, 1,712,346 Common Shares were purchased and cancelled at an average price of \$12.18 per share for a total of \$20.9 million.

### Dividends

#### Plan:

- Set the annual dividend of \$0.60 per Common Share, payable in monthly installments of \$0.05 per Common Share.

#### Progress:

- In the second quarter, we increased the monthly dividend by 20.0 percent to \$0.06 per Common Share (\$0.72 annualized dividend).
- In 2022 declared dividends of \$0.50 per Common Share and paid \$44.9 million to shareholders.

## Subsequent Events

Subsequent to September 30, 2022, until the date of this report, we repurchased 12,995 Common Shares at a total cost of \$0.2 million.



# CONSOLIDATED FINANCIAL RESULTS – THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022

## Executive Summary

This was another excellent quarter for our company, driven by strong revenue growth and margin expansion. Consolidated revenues exceeded \$500.0 million for the second consecutive quarter, supported by double digit growth in the LTL, L&W and S&I segments. The majority of the revenue increase is attributable to the performance of our existing Business Units, which continued to experience steady demand for freight and logistics services along with higher pricing, also the major factor contributing to the margin improvement. Unlike recent quarters, however, growth from corporate acquisitions slowed significantly. Fuel surcharge revenue continued to be elevated as compared to the same period last year. Fuel surcharges are generally flow through charges associated with changes in the price of diesel fuel. Last year in the third quarter, the average wholesale rack price of diesel fuel in Canada was \$0.825, whereas it was \$1.347 in the third quarter of 2022.

These results reflect the state of the overall economy in North America last quarter, one we characterize as good but with very little growth. Under these conditions freight demand continued to be quite strong, supported by steady consumer spending and increased investment in capital goods and major infrastructure projects, including in the energy sector which continues to be a major beneficiary of higher commodity pricing. There was, however, a moderate softening in freight demand towards the end of the quarter along with fewer revenue generating days due to additional federal government mandated holidays.

## Outlook

The initiatives implemented by central bank authorities, inflationary pressures and excessive inventory levels will ultimately have an impact on overall economic activity. Our current order book continues to remain solid in all operating segments and with the current economic fundamentals still sound, we are not anticipating any material impact to our business for the balance of the year, other than the traditional seasonal slowdown.

The supply chain is always evolving and changing. From our standpoint it appears that consumers still are willing to spend, however, they have become more cost conscious. The retail sector on the other hand is in a period of adjustment due to excessive inventory levels built up subsequent to the onset of COVID-19. The net impact of these market changes on our Business Units suggests that freight demand may soften in the near term. We do not, however, envision any significant declines provided the job market remains strong. Employment levels are an important factor in determining end consumer demand, one of the key factors influencing less-than-truckload shipments. We do expect a downturn in the transportation of freight from manufacturing origin as retailers adjust inventory levels. As a result, we believe that the demand for long haul freight services, both in Canada and the United States, will be softer than previous quarters until inventory levels are right sized, which could take a few quarters. In other words, we view the inventory rebalancing cycle as "transitory", and inventories will require restocking once current inventory is sold or liquidated. It is also likely that most supply chain issues will normalize during this inventory rebalancing period. One area we are watching carefully is the impact higher interest rates will have on future capital and business investment. As of this date, we have seen no material impact.

At Mullen Group we have a diversified business model servicing multiple verticals in the economy. This strategy will allow our organization to minimize the negative impacts of changes to supply and demand in any one sector of the economy. In addition, we believe that many competitors will struggle as freight demand slows. We will use any slowdown to acquire competitors that meet our long-term strategic plans, at reasonable valuations. We remain on high alert that the policies currently adopted by central banks will slow economic activity and the risk for some sort of new financial instability is rising. For this reason we will prudently manage the balance sheet.



## Revenue

Revenue is generated by the Corporation through its Business Units utilizing a combination of company assets that are either owned by the Business Unit or leased ("**Company**"); owner operators who provide trucks and/or trailers and work exclusively for the Business Unit under annual contracts and subcontractors who own their own equipment and are used during times of peak demand (collectively, "**Contractors**").

| Consolidated                 |                                        |              |              |              |             |             |                                       |              |                |              |              |             |
|------------------------------|----------------------------------------|--------------|--------------|--------------|-------------|-------------|---------------------------------------|--------------|----------------|--------------|--------------|-------------|
| (unaudited)<br>(\$ millions) | Three month periods ended September 30 |              |              |              |             |             | Nine month periods ended September 30 |              |                |              |              |             |
|                              | 2022                                   |              | 2021         |              | Change      |             | 2022                                  |              | 2021           |              | Change       |             |
|                              | \$                                     | %            | \$           | %            | \$          | %           | \$                                    | %            | \$             | %            | \$           | %           |
| Company                      | 345.2                                  | 66.6         | 285.2        | 65.9         | 60.0        | 21.0        | 987.9                                 | 66.0         | 718.7          | 69.4         | 269.2        | 37.5        |
| Contractors                  | 171.6                                  | 33.1         | 145.2        | 33.6         | 26.4        | 18.2        | 503.1                                 | 33.6         | 311.3          | 30.1         | 191.8        | 61.6        |
| Other                        | 1.6                                    | 0.3          | 2.1          | 0.5          | (0.5)       | (23.8)      | 5.8                                   | 0.4          | 5.5            | 0.5          | 0.3          | 5.5         |
| <b>Total</b>                 | <b>518.4</b>                           | <b>100.0</b> | <b>432.5</b> | <b>100.0</b> | <b>85.9</b> | <b>19.9</b> | <b>1,496.8</b>                        | <b>100.0</b> | <b>1,035.5</b> | <b>100.0</b> | <b>461.3</b> | <b>44.5</b> |

- Record revenue in the third quarter and first nine months of 2022 was primarily due to three reasons:
  - general rate increases along with steady demand resulted in a \$40.4 million (YTD – \$108.5 million) increase in revenue;
  - a \$36.5 million (YTD – \$84.5 million) increase in fuel surcharge revenue (excluding acquisitions); and
  - incremental revenue from acquisitions of \$9.0 million (YTD – \$268.3 million).
- Total fuel surcharge revenue increased by \$38.5 million (YTD – \$110.2 million) to \$71.4 million (YTD – \$187.6 million) in 2022 due to a 63.3 percent (YTD – 75.2 percent) year over year increase in the price of diesel fuel.

## Direct Operating Expenses

Direct operating expenses ("**DOE**") include two main categories of expenses: direct costs associated with generating Company revenue and costs incurred to hire Contractors, namely owner operators or subcontractors.

| Consolidated                 |                                        |             |              |             |             |             |                                       |             |              |             |              |             |
|------------------------------|----------------------------------------|-------------|--------------|-------------|-------------|-------------|---------------------------------------|-------------|--------------|-------------|--------------|-------------|
| (unaudited)<br>(\$ millions) | Three month periods ended September 30 |             |              |             |             |             | Nine month periods ended September 30 |             |              |             |              |             |
|                              | 2022                                   |             | 2021         |             | Change      |             | 2022                                  |             | 2021         |             | Change       |             |
|                              | \$                                     | %*          | \$           | %*          | \$          | %           | \$                                    | %*          | \$           | %*          | \$           | %           |
| Company                      |                                        |             |              |             |             |             |                                       |             |              |             |              |             |
| Wages and benefits           | 75.2                                   | 21.8        | 68.6         | 24.0        | 6.6         | 9.6         | 216.7                                 | 21.9        | 180.9        | 25.2        | 35.8         | 19.8        |
| CEWS                         | —                                      | —           | (0.1)        | —           | 0.1         | (100.0)     | —                                     | —           | (9.2)        | (1.3)       | 9.2          | (100.0)     |
| Fuel                         | 32.3                                   | 9.4         | 22.3         | 7.8         | 10.0        | 44.8        | 102.4                                 | 10.4        | 62.6         | 8.7         | 39.8         | 63.6        |
| Repairs and maintenance      | 37.3                                   | 10.8        | 30.6         | 10.7        | 6.7         | 21.9        | 105.8                                 | 10.7        | 85.7         | 11.9        | 20.1         | 23.5        |
| Purchased transportation     | 55.9                                   | 16.2        | 53.5         | 18.8        | 2.4         | 4.5         | 165.1                                 | 16.7        | 105.0        | 14.6        | 60.1         | 57.2        |
| Operating supplies           | 19.6                                   | 5.7         | 15.2         | 5.3         | 4.4         | 28.9        | 58.1                                  | 5.9         | 44.1         | 6.1         | 14.0         | 31.7        |
| Other                        | 8.6                                    | 2.4         | 8.1          | 2.9         | 0.5         | 6.2         | 24.9                                  | 2.5         | 21.8         | 3.1         | 3.1          | 14.2        |
|                              | 228.9                                  | 66.3        | 198.2        | 69.5        | 30.7        | 15.5        | 673.0                                 | 68.1        | 490.9        | 68.3        | 182.1        | 37.1        |
| Contractors                  | 133.4                                  | 77.7        | 117.1        | 80.6        | 16.3        | 13.9        | 393.2                                 | 78.2        | 241.5        | 77.6        | 151.7        | 62.8        |
| <b>Total</b>                 | <b>362.3</b>                           | <b>69.9</b> | <b>315.3</b> | <b>72.9</b> | <b>47.0</b> | <b>14.9</b> | <b>1,066.2</b>                        | <b>71.2</b> | <b>732.4</b> | <b>70.7</b> | <b>333.8</b> | <b>45.6</b> |

\*as a percentage of respective Consolidated revenue

- Company expense increased in absolute dollar terms in the third quarter and first nine months of 2022 due to higher Company revenue and inflationary pressures. As a percentage of Company revenue, however, Company expenses decreased due to customer rate increases that more than offset higher inflationary costs, most notably fuel associated with the rise in diesel fuel prices. Purchased transportation costs increased as a percentage of Company revenue on a year to date basis, which was mainly associated with our new acquisitions.
- The increase in Contractors expense in absolute dollar terms was primarily due to the addition of the US 3PL segment. Contractors expense decreased as a percentage of Contractors revenue in the third quarter of 2022 as compared to the



prior year period due to margin improvements experienced in all segments. Contractors expense increased as a percentage of Contractors revenue on a year to date basis as compared to the prior year period due to the addition of the US 3PL segment.

- Consolidated DOE – Adjusted for the Canada Emergency Wage Subsidy ("CEWS") and HAUListic<sup>1</sup>, improved as a percentage of revenue to 67.5 percent (YTD – 68.7 percent) as compared to 70.2 percent (YTD – 70.5 percent) in 2021.

## Selling and Administrative Expenses

Selling and administrative ("S&A") are expenses incurred to support the operations of Mullen Group and its Business Units.

| Consolidated                                   |                                        |             |             |             |            |             |                                       |             |              |             |             |             |
|------------------------------------------------|----------------------------------------|-------------|-------------|-------------|------------|-------------|---------------------------------------|-------------|--------------|-------------|-------------|-------------|
| (unaudited)<br>(\$ millions)                   | Three month periods ended September 30 |             |             |             |            |             | Nine month periods ended September 30 |             |              |             |             |             |
|                                                | 2022                                   |             | 2021        |             | Change     |             | 2022                                  |             | 2021         |             | Change      |             |
|                                                | \$                                     | %*          | \$          | %*          | \$         | %           | \$                                    | %*          | \$           | %*          | \$          | %           |
| Wages and benefits                             | 35.9                                   | 6.9         | 32.5        | 7.5         | 3.4        | 10.5        | 107.1                                 | 7.2         | 82.5         | 7.9         | 24.6        | 29.8        |
| CEWS                                           | —                                      | —           | —           | —           | —          | —           | —                                     | —           | (3.3)        | (0.3)       | 3.3         | (100.0)     |
| Communications, utilities and general supplies | 15.9                                   | 3.1         | 13.0        | 3.0         | 2.9        | 22.3        | 49.9                                  | 3.3         | 36.8         | 3.6         | 13.1        | 35.6        |
| Profit share                                   | 5.7                                    | 1.1         | 3.6         | 0.8         | 2.1        | 58.3        | 14.3                                  | 1.0         | 8.8          | 0.8         | 5.5         | 62.5        |
| Foreign exchange                               | (2.9)                                  | (0.6)       | 0.1         | —           | (3.0)      | —           | (3.4)                                 | (0.2)       | 1.0          | 0.1         | (4.4)       | (440.0)     |
| Stock-based compensation                       | 0.3                                    | 0.1         | 0.1         | —           | 0.2        | 200.0       | 0.6                                   | —           | 0.3          | —           | 0.3         | 100.0       |
| Rent and other                                 | 3.1                                    | 0.6         | 3.4         | 0.9         | (0.3)      | (8.8)       | 9.8                                   | 0.6         | 6.4          | 0.7         | 3.4         | 53.1        |
| <b>Total</b>                                   | <b>58.0</b>                            | <b>11.2</b> | <b>52.7</b> | <b>12.2</b> | <b>5.3</b> | <b>10.1</b> | <b>178.3</b>                          | <b>11.9</b> | <b>132.5</b> | <b>12.8</b> | <b>45.8</b> | <b>34.6</b> |

\*as a percentage of total Consolidated revenue

- Incremental S&A expenses of \$1.9 million (YTD – \$28.1 million) from acquisitions in 2021 and 2022, higher profit share, and inflationary pressures on general supplies and utility costs were the main reasons for the increase in S&A expenses from the prior year.
- The increases in S&A expenses were somewhat offset by a \$3.0 million (YTD – \$4.4 million) positive variance in foreign exchange.

## OIBDA

Management relies on OIBDA as a measurement since it provides an indication of our ability to generate cash from our principal business activities prior to depreciation and amortization, financing or taxation in various jurisdictions.

| Consolidated                 |                                        |              |             |              |             |             |                                       |              |              |              |             |             |
|------------------------------|----------------------------------------|--------------|-------------|--------------|-------------|-------------|---------------------------------------|--------------|--------------|--------------|-------------|-------------|
| (unaudited)<br>(\$ millions) | Three month periods ended September 30 |              |             |              |             |             | Nine month periods ended September 30 |              |              |              |             |             |
|                              | 2022                                   |              | 2021        |              | Change      |             | 2022                                  |              | 2021         |              | Change      |             |
|                              | \$                                     | %            | \$          | %            | \$          | %           | \$                                    | %            | \$           | %            | \$          | %           |
| LTL                          | 41.1                                   | 41.9         | 26.9        | 41.7         | 14.2        | 52.8        | 106.6                                 | 42.3         | 69.7         | 40.9         | 36.9        | 52.9        |
| L&W                          | 32.7                                   | 33.3         | 22.7        | 35.2         | 10.0        | 44.1        | 88.7                                  | 35.2         | 62.4         | 36.6         | 26.3        | 42.1        |
| S&I                          | 24.6                                   | 25.1         | 15.7        | 24.3         | 8.9         | 56.7        | 58.4                                  | 23.1         | 45.8         | 26.8         | 12.6        | 27.5        |
| US 3PL                       | 1.5                                    | 1.5          | 2.9         | 4.5          | (1.4)       | (48.3)      | 4.8                                   | 1.9          | 2.9          | 1.7          | 1.9         | 65.5        |
| Corporate                    | (1.8)                                  | (1.8)        | (3.7)       | (5.7)        | 1.9         | (51.4)      | (6.2)                                 | (2.5)        | (10.2)       | (6.0)        | 4.0         | (39.2)      |
| <b>Total</b>                 | <b>98.1</b>                            | <b>100.0</b> | <b>64.5</b> | <b>100.0</b> | <b>33.6</b> | <b>52.1</b> | <b>252.3</b>                          | <b>100.0</b> | <b>170.6</b> | <b>100.0</b> | <b>81.7</b> | <b>47.9</b> |

- OIBDA increased by \$33.6 million (YTD – \$81.7 million) mainly due to rate increases, a steady demand for freight services, as well as \$1.7 million (YTD – \$28.7 million) of incremental OIBDA generated from acquisitions.
- Operating margin<sup>1</sup> increased to 18.9 percent (YTD – 16.9 percent) from 14.9 percent (YTD – 16.5 percent) in 2021 due to rate increases implemented in 2022.
- Adjusted OIBDA<sup>1</sup> was \$98.1 million (YTD – \$252.3 million) as compared to \$64.4 million (YTD – \$158.1 million) in 2021. The increase of \$33.7 million (YTD – \$94.2 million) was mainly due to \$32.0 million (YTD – \$65.5 million) of growth from existing Business Units and \$1.7 million (YTD – \$28.7 million) from acquisitions.

<sup>1</sup> Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



- Adjusted operating margin<sup>1</sup> improved to 18.9 percent (YTD – 16.9 percent) from 14.9 percent (YTD – 15.3 percent) in 2021. Excluding the US 3PL segment, Adjusted operating margin<sup>1</sup> would have increased to 20.8 percent (YTD – 18.6 percent) in 2022 as compared to the prior year.

## Depreciation of Property, Plant and Equipment

| Consolidated                 |                                        |             |              |                                       |             |            |
|------------------------------|----------------------------------------|-------------|--------------|---------------------------------------|-------------|------------|
| (unaudited)<br>(\$ millions) | Three month periods ended September 30 |             |              | Nine month periods ended September 30 |             |            |
|                              | 2022                                   | 2021        | Change       | 2022                                  | 2021        | Change     |
|                              | \$                                     | \$          | \$           | \$                                    | \$          | \$         |
| LTL                          | 5.2                                    | 4.7         | 0.5          | 15.2                                  | 13.1        | 2.1        |
| L&W                          | 4.0                                    | 3.4         | 0.6          | 11.8                                  | 9.5         | 2.3        |
| S&I                          | 6.7                                    | 8.3         | (1.6)        | 19.7                                  | 24.6        | (4.9)      |
| US 3PL                       | 0.4                                    | 0.5         | (0.1)        | 1.4                                   | 0.5         | 0.9        |
| Corporate                    | 1.5                                    | 1.5         | —            | 4.5                                   | 4.6         | (0.1)      |
| <b>Total</b>                 | <b>17.8</b>                            | <b>18.4</b> | <b>(0.6)</b> | <b>52.6</b>                           | <b>52.3</b> | <b>0.3</b> |

- Depreciation increased in the LTL and L&W segments in the third quarter of 2022 due to a greater amount of capital expenditures made within these segments. The increase in the LTL segment, the L&W segment and the US 3PL segment on a year to date basis was mainly due to the timing of acquisitions.
- The decrease in the S&I segment was due to the lower amount of capital expenditures made within this segment, the sale of older assets by certain Business Units and from the Corporation's declining balance method of depreciation.

## Depreciation of Right-of-Use Assets

| Consolidated                 |                                        |            |            |                                       |             |            |
|------------------------------|----------------------------------------|------------|------------|---------------------------------------|-------------|------------|
| (unaudited)<br>(\$ millions) | Three month periods ended September 30 |            |            | Nine month periods ended September 30 |             |            |
|                              | 2022                                   | 2021       | Change     | 2022                                  | 2021        | Change     |
|                              | \$                                     | \$         | \$         | \$                                    | \$          | \$         |
| LTL                          | 3.5                                    | 3.5        | —          | 10.3                                  | 6.0         | 4.3        |
| L&W                          | 2.4                                    | 1.9        | 0.5        | 6.5                                   | 4.8         | 1.7        |
| S&I                          | 0.2                                    | 0.3        | (0.1)      | 0.6                                   | 1.1         | (0.5)      |
| US 3PL                       | 0.2                                    | 0.2        | —          | 0.6                                   | 0.2         | 0.4        |
| Corporate                    | —                                      | —          | —          | —                                     | —           | —          |
| <b>Total</b>                 | <b>6.3</b>                             | <b>5.9</b> | <b>0.4</b> | <b>18.0</b>                           | <b>12.1</b> | <b>5.9</b> |

- On a year to date basis, the increase in the LTL segment, the L&W segment and the US 3PL segment was mainly due to acquisitions, which was somewhat offset by a decrease in the S&I segment as certain right-of-use assets expired and were not renewed.
- The increase in the L&W segment in the third quarter as compared to the prior year period was due to both adding and renewing certain facility leases.

## Amortization of Intangible Assets

Amortization of intangible assets was \$4.3 million (YTD – \$13.3 million) in 2022 as compared to \$9.0 million (YTD – \$19.2 million) in 2021. This decrease of \$4.7 million (YTD – \$5.9 million) mainly resulted from certain intangible assets becoming fully amortized, which was somewhat offset by the additional amortization recorded on the intangible assets associated with our recent transactions.

## Finance Costs

Finance costs were \$9.3 million (YTD – \$26.1 million) in 2022 as compared to \$8.2 million (YTD – \$22.4 million) in 2021. The increase of \$1.1 million (YTD – \$3.7 million) was mainly attributable to a greater amount of interest expense being recorded on the Credit Facilities (as hereafter defined on page 27) and from greater lease liabilities by virtue of our recent acquisitions.

<sup>1</sup> Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



## Net Foreign Exchange Loss (Gain)

The details of the net foreign exchange loss (gain) are as follows:

| (unaudited)<br>(\$ millions)                         | Three month periods ended September 30 |       |        | Nine month periods ended September 30 |       |        |
|------------------------------------------------------|----------------------------------------|-------|--------|---------------------------------------|-------|--------|
|                                                      | 2022                                   | 2021  | Change | 2022                                  | 2021  | Change |
|                                                      | \$                                     | \$    | \$     | \$                                    | \$    | \$     |
| Foreign exchange loss (gain) on U.S. \$ debt         | 18.9                                   | 8.0   | 10.9   | 23.6                                  | 0.2   | 23.4   |
| Foreign exchange (gain) loss on Cross-Currency Swaps | (10.5)                                 | (8.2) | (2.3)  | (10.7)                                | (1.7) | (9.0)  |
| Net foreign exchange loss (gain)                     | 8.4                                    | (0.2) | 8.6    | 12.9                                  | (1.5) | 14.4   |

We recorded a foreign exchange loss of \$18.9 million (YTD – \$23.6 million) related to our \$229.0 million U.S. dollar debt, due to the change in the value of the Canadian dollar relative to the U.S. dollar during 2022 as compared to a loss of \$8.0 million (YTD – \$0.2 million) in 2021. We recorded a foreign exchange gain on Cross-Currency Swaps of \$10.5 million (YTD – \$10.7 million) in 2022 as compared to a gain of \$8.2 million (YTD – \$1.7 million) in 2021. This was due to the change over the period in the fair value of these Cross-Currency Swaps.

## Other (Income) Expense

| (unaudited)<br>(\$ millions)                       | Three month periods ended September 30 |       |        | Nine month periods ended September 30 |       |        |
|----------------------------------------------------|----------------------------------------|-------|--------|---------------------------------------|-------|--------|
|                                                    | 2022                                   | 2021  | Change | 2022                                  | 2021  | Change |
|                                                    | \$                                     | \$    | \$     | \$                                    | \$    | \$     |
| Change in fair value of investments                | 0.4                                    | 0.3   | 0.1    | 0.3                                   | (0.8) | 1.1    |
| Loss (gain) on sale of property, plant & equipment | 0.7                                    | (0.2) | 0.9    | 1.9                                   | (0.4) | 2.3    |
| Earnings from equity investments                   | (3.0)                                  | (0.6) | (2.4)  | (7.1)                                 | (1.0) | (6.1)  |
| Gain on contingent consideration                   | —                                      | —     | —      | —                                     | (0.2) | 0.2    |
| Other (income) expense                             | (1.9)                                  | (0.5) | (1.4)  | (4.9)                                 | (2.4) | (2.5)  |

Other income was \$1.9 million (YTD – \$4.9 million) in 2022 as compared to other income of \$0.5 million (YTD – \$2.4 million) in 2021. The positive variance was mainly attributable to a greater amount of earnings from our equity investment in Kriska Transportation Group Limited due to revenue growth largely from rate increases and acquisitions resulting in margin improvement. The loss on sale of property, plant and equipment in 2022 was mainly due to the sale of redundant real estate within the Corporate Office.

## Income Taxes

| (unaudited)<br>(\$ millions)                                                | Three month periods ended September 30 |       |        | Nine month periods ended September 30 |       |        |
|-----------------------------------------------------------------------------|----------------------------------------|-------|--------|---------------------------------------|-------|--------|
|                                                                             | 2022                                   | 2021  | Change | 2022                                  | 2021  | Change |
|                                                                             | \$                                     | \$    | \$     | \$                                    | \$    | \$     |
| Income before income taxes                                                  | 53.9                                   | 23.7  | 30.2   | 134.3                                 | 68.5  | 65.8   |
| Combined statutory tax rate                                                 | 25%                                    | 25%   | —      | 25%                                   | 25%   | —      |
| Expected income tax                                                         | 13.5                                   | 5.9   | 7.6    | 33.6                                  | 17.1  | 16.5   |
| Add (deduct):                                                               |                                        |       |        |                                       |       |        |
| Non-deductible (taxable) portion of net foreign exchange loss (gain)        | 1.0                                    | —     | 1.0    | 1.5                                   | (0.2) | 1.7    |
| Non-deductible (taxable) portion of the change in fair value of investments | —                                      | —     | —      | —                                     | (0.1) | 0.1    |
| Stock-based compensation expense                                            | —                                      | —     | —      | 0.1                                   | 0.1   | —      |
| Changes in unrecognized deferred tax asset                                  | 1.0                                    | (0.2) | 1.2    | 1.5                                   | (1.1) | 2.6    |
| Other                                                                       | 0.4                                    | 0.5   | (0.1)  | 0.5                                   | 0.5   | —      |
| Income tax expense                                                          | 15.9                                   | 6.2   | 9.7    | 37.2                                  | 16.3  | 20.9   |

Income tax expense was \$15.9 million (YTD – \$37.2 million) in 2022 as compared to \$6.2 million (YTD – \$16.3 million) in 2021. The increase was mainly attributable to greater income generated in 2022 as compared to 2021 and from the changes in unrecognized deferred tax asset.

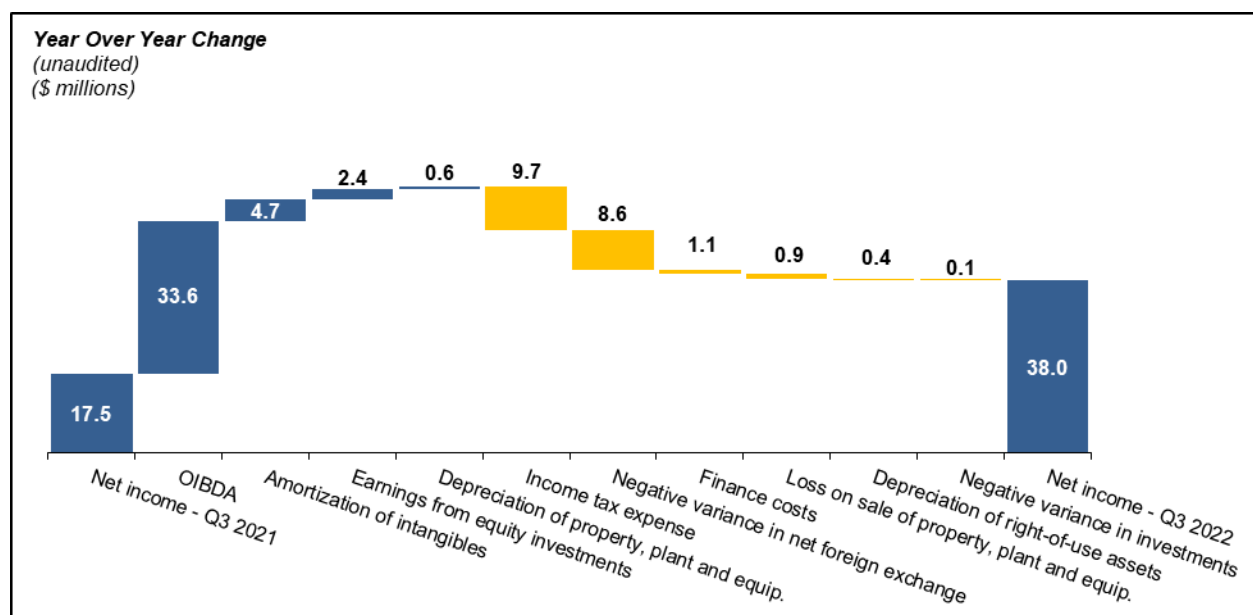


## Net Income

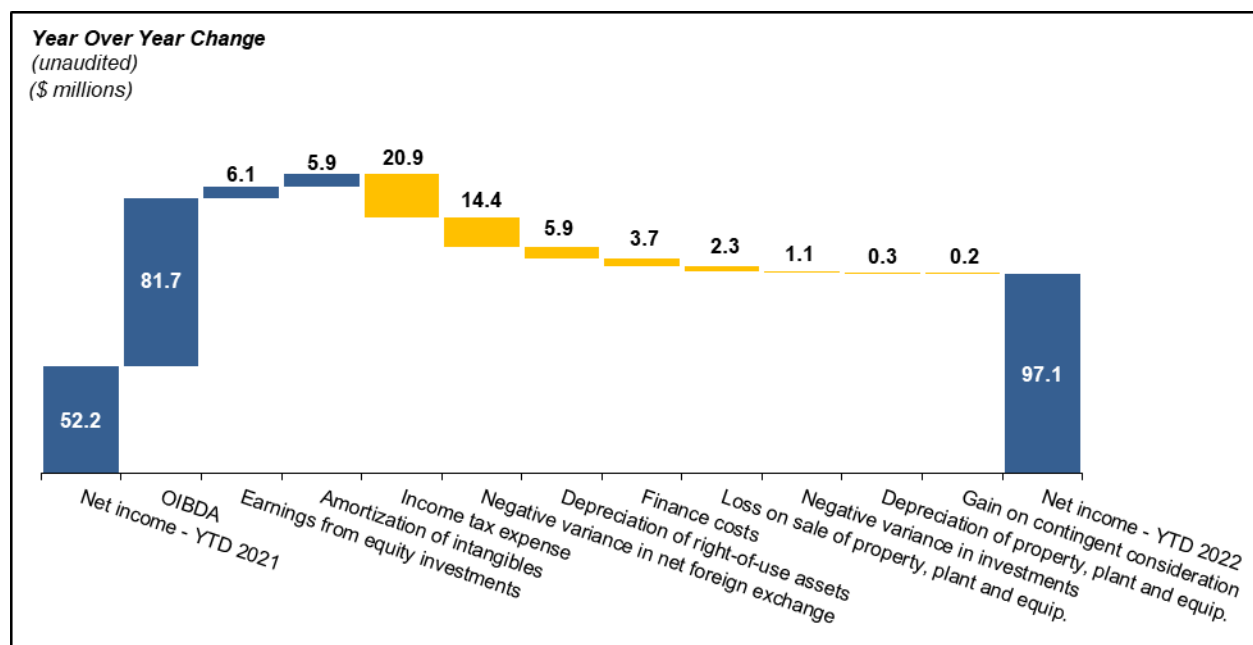
| (unaudited)<br>(\$ millions, except share and per<br>share amounts) | Three month periods ended September 30 |            |          | Nine month periods ended September 30 |            |          |
|---------------------------------------------------------------------|----------------------------------------|------------|----------|---------------------------------------|------------|----------|
|                                                                     | 2022                                   | 2021       | % Change | 2022                                  | 2021       | % Change |
| Net income                                                          | \$ 38.0                                | \$ 17.5    | 117.1    | \$ 97.1                               | \$ 52.2    | 86.0     |
| Weighted average number of<br>Common Shares outstanding             | 92,901,163                             | 95,820,732 | (3.0)    | 93,493,945                            | 96,305,976 | (2.9)    |
| Earnings per share – basic                                          | \$ 0.41                                | \$ 0.18    | 127.8    | \$ 1.04                               | \$ 0.54    | 92.6     |

Net income increased to \$38.0 million (YTD – \$97.1 million) in 2022 as compared to \$17.5 million (YTD – \$52.2 million) in 2021. The factors contributing to the increase in net income include:

### Three month period ended September 30, 2022



### Nine month period ended September 30, 2022



Basic earnings per share increased to \$0.41 (YTD – \$1.04) in 2022 as compared to \$0.18 (YTD – \$0.54) in 2021. This increase resulted from the effect of the \$20.5 million (YTD – \$44.9 million) increase in net income. The weighted average number of Common Shares outstanding decreased from 95,820,732 (YTD – 96,305,976) to 92,901,163 (YTD – 93,493,945), which was due to the repurchase and cancellation of Common Shares under the NCIB being partially offset by the issuance of 750,000 Common Shares on the acquisition of APPS Transport Group Inc. including its operating businesses and 400,000 Common Shares on the DirectIT Group of Companies acquisition.

### **Net Income – Adjusted<sup>1</sup> and Earnings per Share – Adjusted<sup>1</sup>**

Net income – adjusted<sup>1</sup> and earnings per share – adjusted<sup>1</sup> increased to \$47.0 million (YTD – \$110.6 million) or \$0.51 (YTD – \$1.18) in 2022 as compared to \$17.8 million (YTD – \$49.5 million) or \$0.19 (YTD – \$0.51) in 2021, respectively. Management adjusts net income and earnings per share by excluding specific factors to more clearly reflect earnings from an operating perspective.

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<sup>1</sup> Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



## SEGMENTED INFORMATION – THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022

| Three month period ended<br>September 30, 2022<br>(unaudited)<br>(\$ millions) | LTL   | L&W   | S&I   | US 3PL | Corporate and<br>intersegment<br>eliminations | Total |
|--------------------------------------------------------------------------------|-------|-------|-------|--------|-----------------------------------------------|-------|
|                                                                                | \$    | \$    | \$    | \$     | \$                                            | \$    |
| Revenue                                                                        | 201.6 | 156.3 | 108.8 | 54.7   | (3.0)                                         | 518.4 |
| Direct operating expenses                                                      | 135.3 | 107.5 | 74.3  | 49.5   | (4.3)                                         | 362.3 |
| Selling and administrative expenses                                            | 25.2  | 16.1  | 9.9   | 3.7    | 3.1 <sup>1</sup>                              | 58.0  |
| OIBDA                                                                          | 41.1  | 32.7  | 24.6  | 1.5    | (1.8)                                         | 98.1  |
| Net capital expenditures <sup>2</sup>                                          | 3.5   | 5.9   | 0.6   | —      | 2.2                                           | 12.2  |

| Three month period ended<br>September 30, 2021<br>(unaudited)<br>(\$ millions) | LTL   | L&W   | S&I  | US 3PL | Corporate and<br>intersegment<br>eliminations | Total |
|--------------------------------------------------------------------------------|-------|-------|------|--------|-----------------------------------------------|-------|
|                                                                                | \$    | \$    | \$   | \$     | \$                                            | \$    |
| Revenue                                                                        | 169.1 | 121.9 | 85.7 | 57.0   | (1.2)                                         | 432.5 |
| Direct operating expenses                                                      | 120.5 | 84.8  | 60.8 | 51.7   | (2.4)                                         | 315.4 |
| Selling and administrative expenses                                            | 21.7  | 14.4  | 9.2  | 2.4    | 4.9 <sup>3</sup>                              | 52.6  |
| OIBDA                                                                          | 26.9  | 22.7  | 15.7 | 2.9    | (3.7)                                         | 64.5  |
| Net capital expenditures <sup>2</sup>                                          | 5.3   | 2.7   | 2.0  | —      | (5.5)                                         | 4.5   |

<sup>1</sup> Includes a \$1.5 million foreign exchange gain.

<sup>2</sup> Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

<sup>3</sup> Includes a \$0.6 million foreign exchange loss.

| Nine month period ended<br>September 30, 2022<br>(unaudited)<br>(\$ millions) | LTL   | L&W   | S&I   | US 3PL | Corporate and<br>intersegment<br>eliminations | Total   |
|-------------------------------------------------------------------------------|-------|-------|-------|--------|-----------------------------------------------|---------|
|                                                                               | \$    | \$    | \$    | \$     | \$                                            | \$      |
| Revenue                                                                       | 587.9 | 455.5 | 292.6 | 169.2  | (8.4)                                         | 1,496.8 |
| Direct operating expenses                                                     | 403.7 | 316.7 | 205.4 | 154.2  | (13.8)                                        | 1,066.2 |
| Selling and administrative expenses                                           | 77.6  | 50.1  | 28.8  | 10.2   | 11.6 <sup>1</sup>                             | 178.3   |
| OIBDA                                                                         | 106.6 | 88.7  | 58.4  | 4.8    | (6.2)                                         | 252.3   |
| Net capital expenditures <sup>2</sup>                                         | 15.4  | 13.8  | 2.7   | —      | 4.4                                           | 36.3    |

| Nine month period ended<br>September 30, 2021<br>(unaudited)<br>(\$ millions) | LTL   | L&W   | S&I   | US 3PL | Corporate and<br>intersegment<br>eliminations | Total   |
|-------------------------------------------------------------------------------|-------|-------|-------|--------|-----------------------------------------------|---------|
|                                                                               | \$    | \$    | \$    | \$     | \$                                            | \$      |
| Revenue                                                                       | 416.5 | 333.8 | 231.4 | 57.0   | (3.2)                                         | 1,035.5 |
| Direct operating expenses                                                     | 292.0 | 233.8 | 161.0 | 51.7   | (6.1)                                         | 732.4   |
| Selling and administrative expenses                                           | 54.8  | 37.6  | 24.6  | 2.4    | 13.1 <sup>3</sup>                             | 132.5   |
| OIBDA                                                                         | 69.7  | 62.4  | 45.8  | 2.9    | (10.2)                                        | 170.6   |
| Net capital expenditures <sup>2</sup>                                         | 17.1  | 7.6   | 2.8   | —      | (7.3)                                         | 20.2    |

<sup>1</sup> Includes a \$1.6 million foreign exchange gain.

<sup>2</sup> Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

<sup>3</sup> Includes a \$1.3 million foreign exchange loss.





## Highlights for the Quarter

The LTL segment is the largest and most profitable segment in our group and remains an area of strategic focus. Over the past several years we have completed a series of acquisitions expanding our service coverage and building lane density, two major reasons for the recent strong performance of the segment. During the third quarter, overall LTL freight volumes were consistent as compared to last quarter and the prior year period primarily due to the stability in the economy. With demand holding steady our Business Units maintained pricing discipline and lane density remained strong. Segment revenues improved over the same periods a year earlier due to two small acquisitions, a strong pricing environment and higher fuel surcharge revenue. This marks the second consecutive quarter of higher margins.

## Market Outlook

We anticipate revenues to be lighter in the last quarter of the year as compared to the last two quarters, partially due to seasonal factors. In addition, there is ample evidence to suggest economic activity is slowing. We do not, however, expect any significant declines due to the continued strong employment numbers, a major factor impacting consumer spending. Our focus will be on yield management, lane density and pricing discipline. We remain on target for the second half of 2022 to be better than the first six months. Strategically, we will look to complete additional acquisitions as opportunities arise in this segment.

## Revenue

| LTL                          |                                        |       |       |       |        |        |                                       |       |       |       |        |        |
|------------------------------|----------------------------------------|-------|-------|-------|--------|--------|---------------------------------------|-------|-------|-------|--------|--------|
| (unaudited)<br>(\$ millions) | Three month periods ended September 30 |       |       |       |        |        | Nine month periods ended September 30 |       |       |       |        |        |
|                              | 2022                                   |       | 2021  |       | Change |        | 2022                                  |       | 2021  |       | Change |        |
|                              | \$                                     | %     | \$    | %     | \$     | %      | \$                                    | %     | \$    | %     | \$     | %      |
| Company                      | 187.9                                  | 93.2  | 159.3 | 94.2  | 28.6   | 18.0   | 540.9                                 | 92.0  | 384.0 | 92.2  | 156.9  | 40.9   |
| Contractors                  | 13.5                                   | 6.7   | 9.3   | 5.5   | 4.2    | 45.2   | 46.4                                  | 7.9   | 31.7  | 7.6   | 14.7   | 46.4   |
| Other                        | 0.2                                    | 0.1   | 0.5   | 0.3   | (0.3)  | (60.0) | 0.6                                   | 0.1   | 0.8   | 0.2   | (0.2)  | (25.0) |
| Total                        | 201.6                                  | 100.0 | 169.1 | 100.0 | 32.5   | 19.2   | 587.9                                 | 100.0 | 416.5 | 100.0 | 171.4  | 41.2   |

- Segment revenue increased in the third quarter and the first nine months of 2022 to \$201.6 million (YTD – \$587.9 million) as compared to \$169.1 million (YTD – \$416.5 million) in 2021.
- Fuel surcharge revenue increased by \$21.1 million (YTD – \$47.6 million) (excluding acquisitions) due to the rise in diesel fuel prices.
- Incremental revenue from acquisitions accounted for \$9.0 million (YTD – \$112.3 million) of the increase in segment revenue.
- General rate increases and steady demand contributed to a \$2.4 million (YTD – \$11.5 million) increase in segment revenue.

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## Direct Operating Expenses

| LTL                          |                                        |             |              |             |             |             |                                       |             |              |             |              |             |
|------------------------------|----------------------------------------|-------------|--------------|-------------|-------------|-------------|---------------------------------------|-------------|--------------|-------------|--------------|-------------|
| (unaudited)<br>(\$ millions) | Three month periods ended September 30 |             |              |             |             |             | Nine month periods ended September 30 |             |              |             |              |             |
|                              | 2022                                   |             | 2021         |             | Change      |             | 2022                                  |             | 2021         |             | Change       |             |
|                              | \$                                     | %*          | \$           | %*          | \$          | %           | \$                                    | %*          | \$           | %*          | \$           | %           |
| Company                      |                                        |             |              |             |             |             |                                       |             |              |             |              |             |
| Wages and benefits           | 39.2                                   | 20.9        | 36.1         | 22.7        | 3.1         | 8.6         | 113.6                                 | 21.0        | 94.3         | 24.6        | 19.3         | 20.5        |
| CEWS                         | —                                      | —           | —            | —           | —           | —           | —                                     | —           | (1.0)        | (0.3)       | 1.0          | (100.0)     |
| Fuel                         | 19.2                                   | 10.2        | 12.6         | 7.9         | 6.6         | 52.4        | 61.0                                  | 11.3        | 36.6         | 9.5         | 24.4         | 66.7        |
| Repairs and maintenance      | 16.0                                   | 8.5         | 13.4         | 8.4         | 2.6         | 19.4        | 46.1                                  | 8.5         | 36.8         | 9.6         | 9.3          | 25.3        |
| Purchased transportation     | 45.6                                   | 24.3        | 46.1         | 28.9        | (0.5)       | (1.1)       | 133.7                                 | 24.7        | 88.8         | 23.1        | 44.9         | 50.6        |
| Operating supplies           | 2.6                                    | 1.4         | 2.3          | 1.4         | 0.3         | 13.0        | 7.5                                   | 1.4         | 5.7          | 1.5         | 1.8          | 31.6        |
| Other                        | 4.4                                    | 2.3         | 4.1          | 2.6         | 0.3         | 7.3         | 13.5                                  | 2.5         | 11.3         | 3.0         | 2.2          | 19.5        |
|                              | 127.0                                  | 67.6        | 114.6        | 71.9        | 12.4        | 10.8        | 375.4                                 | 69.4        | 272.5        | 71.0        | 102.9        | 37.8        |
| Contractors                  | 8.3                                    | 61.5        | 5.9          | 63.4        | 2.4         | 40.7        | 28.3                                  | 61.0        | 19.5         | 61.5        | 8.8          | 45.1        |
| <b>Total</b>                 | <b>135.3</b>                           | <b>67.1</b> | <b>120.5</b> | <b>71.3</b> | <b>14.8</b> | <b>12.3</b> | <b>403.7</b>                          | <b>68.7</b> | <b>292.0</b> | <b>70.1</b> | <b>111.7</b> | <b>38.3</b> |

\*as a percentage of respective LTL revenue

- DOE were \$135.3 million (YTD – \$403.7 million) in 2022 as compared to \$120.5 million (YTD – \$292.0 million) in 2021. The increase of \$14.8 million (YTD – \$111.7 million) was due to the \$32.5 million (YTD – \$171.4 million) increase in segment revenue.
- As a percentage of revenue these expenses decreased by 4.2 percent to 67.1 percent from 71.3 percent in the third quarter of 2021 due to lower Contractors and Company costs. Year to date, these expenses as a percentage of revenue decreased to 68.7 percent from 70.1 percent.
- Company costs decreased as a percentage of Company revenue in the third quarter as customer rate increases more than offset higher inflationary costs, most notably fuel costs due to the rise in diesel fuel prices. Year to date, these expenses as a percentage of Company revenue decreased slightly as customer rate increases more than offset higher purchased transportation costs associated with acquisitions and increased fuel costs.
- Cost of Contractors as a percentage of Contractors revenue decreased in the third quarter of 2022 due to the greater availability of subcontractors in certain markets. Year to date, these expenses as a percentage of Contractors revenue remained relatively consistent with 2021.

## Selling and Administrative Expenses

| LTL                                            |                                        |             |             |             |            |             |                                       |             |             |             |             |             |
|------------------------------------------------|----------------------------------------|-------------|-------------|-------------|------------|-------------|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| (unaudited)<br>(\$ millions)                   | Three month periods ended September 30 |             |             |             |            |             | Nine month periods ended September 30 |             |             |             |             |             |
|                                                | 2022                                   |             | 2021        |             | Change     |             | 2022                                  |             | 2021        |             | Change      |             |
|                                                | \$                                     | %*          | \$          | %*          | \$         | %           | \$                                    | %*          | \$          | %*          | \$          | %           |
| Wages and benefits                             | 15.5                                   | 7.7         | 14.2        | 8.4         | 1.3        | 9.2         | 46.2                                  | 7.9         | 35.0        | 8.4         | 11.2        | 32.0        |
| CEWS                                           | —                                      | —           | —           | —           | —          | —           | —                                     | —           | (0.5)       | (0.1)       | 0.5         | (100.0)     |
| Communications, utilities and general supplies | 7.0                                    | 3.5         | 5.6         | 3.3         | 1.4        | 25.0        | 23.0                                  | 3.9         | 15.6        | 3.7         | 7.4         | 47.4        |
| Profit share                                   | 2.0                                    | 1.0         | 1.1         | 0.7         | 0.9        | 81.8        | 5.0                                   | 0.9         | 3.1         | 0.7         | 1.9         | 61.3        |
| Foreign exchange                               | —                                      | —           | —           | —           | —          | —           | —                                     | —           | —           | —           | —           | —           |
| Rent and other                                 | 0.7                                    | 0.3         | 0.8         | 0.4         | (0.1)      | (12.5)      | 3.4                                   | 0.5         | 1.6         | 0.5         | 1.8         | 112.5       |
| <b>Total</b>                                   | <b>25.2</b>                            | <b>12.5</b> | <b>21.7</b> | <b>12.8</b> | <b>3.5</b> | <b>16.1</b> | <b>77.6</b>                           | <b>13.2</b> | <b>54.8</b> | <b>13.2</b> | <b>22.8</b> | <b>41.6</b> |

\*as a percentage of total LTL revenue

- Incremental S&A expenses of \$1.9 million (YTD – \$15.7 million) from acquisitions, higher inflationary costs associated with utilities and general supplies, and higher profit share were the main reasons for the increase in S&A expenses from the prior year.



## OIBDA

- OIBDA increased by \$14.2 million (YTD – \$36.9 million) with general rate increases and steady demand contributing \$12.5 million (YTD – \$18.4 million) to the increase while acquisitions added incremental OIBDA of \$1.7 million (YTD – \$18.5 million) in 2022.
- Operating margin<sup>1</sup> improved by 4.5 percent in the third quarter to 20.4 percent primarily due to lower DOE resulting from more efficient operations and customer rate increases. Year to date, operating margin<sup>1</sup> was 18.1 percent as compared to 16.7 percent in 2021.
- Adjusted OIBDA<sup>1</sup> increased to \$41.1 million (YTD – \$106.6 million) as compared to \$26.9 million (YTD – \$68.2 million) in 2021.

## Capital Expenditures

| LTL                                               |                                        |       |        |                                       |       |        |
|---------------------------------------------------|----------------------------------------|-------|--------|---------------------------------------|-------|--------|
| (unaudited)<br>(\$ millions)                      | Three month periods ended September 30 |       |        | Nine month periods ended September 30 |       |        |
|                                                   | 2022                                   | 2021  | Change | 2022                                  | 2021  | Change |
|                                                   | \$                                     | \$    | \$     | \$                                    | \$    | \$     |
| Purchase of property, plant and equipment         | 3.6                                    | 5.7   | (2.1)  | 16.4                                  | 18.5  | (2.1)  |
| Proceeds on sale of property, plant and equipment | (0.1)                                  | (0.4) | 0.3    | (1.0)                                 | (1.4) | 0.4    |
| Net capital expenditures <sup>1</sup>             | 3.5                                    | 5.3   | (1.8)  | 15.4                                  | 17.1  | (1.7)  |

- The majority of the capital invested in 2022 consisted of trucks and trailers to support growth opportunities as well as replace some older less efficient equipment.



## LOGISTICS & WAREHOUSING

### Highlights for the Quarter

This was another strong performance by the 12 Business Units that comprise the L&W segment with revenues exceeding prior year levels by a healthy 28.0 percent. However, revenues were basically flat as compared to the prior quarter, which we believe is consistent with an economy that is operating close to peak employment levels and near capacity. Warehousing space remained virtually unavailable in the key consumer markets of Greater Toronto and Vancouver, limiting growth once again. This situation is also a major reason for the continued supply chain bottlenecks, with no place to store new arriving inventory. This in turn caused delays, detention time and productivity losses at a time when consumers began to be more cost conscious. Activity levels and freight demand for flat/open deck hauls remained solid as business invested in new capital goods and new construction projects started. Once again, however, there was no real quarter over quarter growth due to manufacturing restrictions related to supply issues, particularly due to the lack of critical parts like computer chips. Kleysen Group Ltd., based in Manitoba and Bandstra Transportation Systems Ltd. ("Bandstra"), based in British Columbia, two of the larger Business Units in our company, gained market share generating very strong results in the current quarter.

The surge pricing that was evident earlier in the year normalized during the current quarter with pricing more reflective of a balanced market. Margins improved both sequentially and year over year, primarily due to the disciplined pricing strategy by the Business Units.

### Market Outlook

As reported last quarter, we remain of the view that this segment will continue to generate strong results for the foreseeable future based upon our expectation that business and industry must continue to make capital investments to meet demand and to improve operating productivity. We do not, however, expect any meaningful internal growth for the reasons mentioned above.

<sup>1</sup> Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



## Revenue

| L&W                          |                                        |       |       |       |        |      |                                       |       |       |       |        |      |
|------------------------------|----------------------------------------|-------|-------|-------|--------|------|---------------------------------------|-------|-------|-------|--------|------|
| (unaudited)<br>(\$ millions) | Three month periods ended September 30 |       |       |       |        |      | Nine month periods ended September 30 |       |       |       |        |      |
|                              | 2022                                   |       | 2021  |       | Change |      | 2022                                  |       | 2021  |       | Change |      |
|                              | \$                                     | %     | \$    | %     | \$     | %    | \$                                    | %     | \$    | %     | \$     | %    |
| Company                      | 70.2                                   | 44.9  | 56.8  | 46.6  | 13.4   | 23.6 | 211.3                                 | 46.4  | 149.6 | 44.8  | 61.7   | 41.2 |
| Contractors                  | 85.7                                   | 54.8  | 64.7  | 53.1  | 21.0   | 32.5 | 243.1                                 | 53.4  | 183.3 | 54.9  | 59.8   | 32.6 |
| Other                        | 0.4                                    | 0.3   | 0.4   | 0.3   | —      | —    | 1.1                                   | 0.2   | 0.9   | 0.3   | 0.2    | 22.2 |
| Total                        | 156.3                                  | 100.0 | 121.9 | 100.0 | 34.4   | 28.2 | 455.5                                 | 100.0 | 333.8 | 100.0 | 121.7  | 36.5 |

- Segment revenue in the third quarter and the first nine months of 2022 increased by \$34.4 million (YTD – \$121.7 million) to \$156.3 million (YTD – \$455.5 million) as compared to \$121.9 million (YTD – \$333.8 million) in 2021.
- General rate increases and strong demand for freight services from virtually all of our Business Units led to a \$22.5 million (YTD – \$57.1 million) increase in segment revenue.
- Fuel surcharge revenue increased by \$11.9 million (YTD – \$28.8 million) (excluding acquisitions) due to the rise in diesel fuel prices.
- In the first nine months of 2022, incremental revenue of \$35.8 million from the acquisitions of Bandstra and Tri Point Intermodal Services Inc. accounted for the remaining increase in segment revenue.

## Direct Operating Expenses

| L&W                          |                                        |      |      |      |        |      |                                       |      |       |       |        |         |
|------------------------------|----------------------------------------|------|------|------|--------|------|---------------------------------------|------|-------|-------|--------|---------|
| (unaudited)<br>(\$ millions) | Three month periods ended September 30 |      |      |      |        |      | Nine month periods ended September 30 |      |       |       |        |         |
|                              | 2022                                   |      | 2021 |      | Change |      | 2022                                  |      | 2021  |       | Change |         |
|                              | \$                                     | %*   | \$   | %*   | \$     | %    | \$                                    | %*   | \$    | %*    | \$     | %       |
| Company                      |                                        |      |      |      |        |      |                                       |      |       |       |        |         |
| Wages and benefits           | 15.3                                   | 21.8 | 14.0 | 24.6 | 1.3    | 9.3  | 45.8                                  | 21.7 | 35.5  | 23.7  | 10.3   | 29.0    |
| CEWS                         | —                                      | —    | —    | —    | —      | —    | —                                     | —    | (1.5) | (1.0) | 1.5    | (100.0) |
| Fuel                         | 6.6                                    | 9.4  | 4.7  | 8.3  | 1.9    | 40.4 | 21.2                                  | 10.0 | 12.2  | 8.2   | 9.0    | 73.8    |
| Repairs and maintenance      | 7.1                                    | 10.1 | 5.9  | 10.4 | 1.2    | 20.3 | 20.9                                  | 9.9  | 16.6  | 11.1  | 4.3    | 25.9    |
| Purchased transportation     | 9.6                                    | 13.7 | 7.1  | 12.5 | 2.5    | 35.2 | 29.5                                  | 14.0 | 15.0  | 10.0  | 14.5   | 96.7    |
| Operating supplies           | 4.7                                    | 6.7  | 2.9  | 5.1  | 1.8    | 62.1 | 15.1                                  | 7.1  | 12.6  | 8.4   | 2.5    | 19.8    |
| Other                        | 2.2                                    | 3.1  | 2.0  | 3.5  | 0.2    | 10.0 | 6.8                                   | 3.2  | 5.0   | 3.4   | 1.8    | 36.0    |
|                              | 45.5                                   | 64.8 | 36.6 | 64.4 | 8.9    | 24.3 | 139.3                                 | 65.9 | 95.4  | 63.8  | 43.9   | 46.0    |
| Contractors                  | 62.0                                   | 72.3 | 48.2 | 74.5 | 13.8   | 28.6 | 177.4                                 | 73.0 | 138.4 | 75.5  | 39.0   | 28.2    |
| Total                        | 107.5                                  | 68.8 | 84.8 | 69.6 | 22.7   | 26.8 | 316.7                                 | 69.5 | 233.8 | 70.0  | 82.9   | 35.5    |

\*as a percentage of respective L&W revenue

- DOE were \$107.5 million (YTD – \$316.7 million) as compared to \$84.8 million (YTD – \$233.8 million) in 2021. The increase of \$22.7 million (YTD – \$82.9 million) was due to the \$34.4 million (YTD – \$121.7 million) increase in segment revenue.
- As a percentage of revenue these expenses remained relatively stable in both the third quarter and on a year to date basis as compared to the corresponding prior year period.
- Company costs increased as a percentage of Company revenue due to higher purchased transportation costs associated with our new acquisitions and from higher fuel costs. These increases were somewhat offset by lower wages as a percentage of Company revenue due to generating a greater proportion of third party revenue, including intermodal, which does not have a corresponding wage expense.
- Cost of Contractors as a percentage of Contractors revenue decreased due to the greater availability of Contractors in certain markets.



## Selling and Administrative Expenses

| L&W                                            |                                        |       |       |       |        |       |                                       |       |       |       |        |         |
|------------------------------------------------|----------------------------------------|-------|-------|-------|--------|-------|---------------------------------------|-------|-------|-------|--------|---------|
| (unaudited)<br>(\$ millions)                   | Three month periods ended September 30 |       |       |       |        |       | Nine month periods ended September 30 |       |       |       |        |         |
|                                                | 2022                                   |       | 2021  |       | Change |       | 2022                                  |       | 2021  |       | Change |         |
|                                                | \$                                     | %*    | \$    | %*    | \$     | %     | \$                                    | %*    | \$    | %*    | \$     | %       |
| Wages and benefits                             | 10.4                                   | 6.7   | 9.3   | 7.6   | 1.1    | 11.8  | 31.2                                  | 6.8   | 24.7  | 7.4   | 6.5    | 26.3    |
| CEWS                                           | —                                      | —     | —     | —     | —      | —     | —                                     | —     | (0.8) | (0.2) | 0.8    | (100.0) |
| Communications, utilities and general supplies | 3.6                                    | 2.3   | 3.3   | 2.7   | 0.3    | 9.1   | 11.8                                  | 2.6   | 9.0   | 2.7   | 2.8    | 31.1    |
| Profit share                                   | 2.1                                    | 1.3   | 1.6   | 1.3   | 0.5    | 31.3  | 5.8                                   | 1.3   | 3.4   | 1.0   | 2.4    | 70.6    |
| Foreign exchange                               | (0.6)                                  | (0.4) | (0.3) | (0.2) | (0.3)  | 100.0 | (0.8)                                 | (0.2) | (0.1) | —     | (0.7)  | 700.0   |
| Rent and other                                 | 0.6                                    | 0.4   | 0.5   | 0.4   | 0.1    | 20.0  | 2.1                                   | 0.5   | 1.4   | 0.4   | 0.7    | 50.0    |
| Total                                          | 16.1                                   | 10.3  | 14.4  | 11.8  | 1.7    | 11.8  | 50.1                                  | 11.0  | 37.6  | 11.3  | 12.5   | 33.2    |

\*as a percentage of total L&W revenue

- S&A expenses increased by \$1.7 million (YTD – \$12.5 million) due to increased profit share and higher inflationary costs associated with general supplies. We also recognized \$5.2 million of incremental S&A expenses associated with acquisitions in the first nine months of 2022.

## OIBDA

- OIBDA increased by \$10.0 million in the third quarter of 2022 as compared to the prior year period due to general rate increases at virtually all of our Business Units. On a year to date basis, OIBDA increased by \$26.3 million of which \$19.8 million came from general rate increases and \$6.5 million resulted from acquisitions.
- Operating margin<sup>1</sup> improved to 20.9 percent (YTD – 19.5 percent) as compared to 18.6 percent (YTD – 18.7 percent) in 2021 due to several Business Units implementing rate increases that more than offset inflationary costs.
- Adjusted OIBDA<sup>1</sup> was \$32.7 million (YTD – \$88.7 million) in 2022 as compared to \$22.7 million (YTD – \$60.1 million) in 2021.
- Adjusted operating margin<sup>1</sup> increased to 20.9 percent (YTD – 19.5 percent) as compared to 18.6 percent (YTD – 18.0 percent) in 2021 due to the strong performance at several of our Business Units.

## Capital Expenditures

| L&W                                               |                                        |       |        |                                       |       |        |
|---------------------------------------------------|----------------------------------------|-------|--------|---------------------------------------|-------|--------|
| (unaudited)<br>(\$ millions)                      | Three month periods ended September 30 |       |        | Nine month periods ended September 30 |       |        |
|                                                   | 2022                                   | 2021  | Change | 2022                                  | 2021  | Change |
|                                                   | \$                                     | \$    | \$     | \$                                    | \$    | \$     |
| Purchase of property, plant and equipment         | 6.5                                    | 3.1   | 3.4    | 16.6                                  | 9.2   | 7.4    |
| Proceeds on sale of property, plant and equipment | (0.6)                                  | (0.4) | (0.2)  | (2.8)                                 | (1.6) | (1.2)  |
| Net capital expenditures <sup>1</sup>             | 5.9                                    | 2.7   | 3.2    | 13.8                                  | 7.6   | 6.2    |

- The majority of the capital invested in 2022 consisted of trucks, trailers and various pieces of operating equipment to replace some older less efficient equipment.

<sup>1</sup> Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".





## SPECIALIZED & INDUSTRIAL SERVICES

### Highlights for the Quarter

The demand for specialized services including dewatering, water management, pipeline hauling, oilfield activity and construction projects in northern Manitoba were the primary reasons this segment grew revenues, increased operating margins<sup>1</sup> and produced higher OIBDA during the quarter as compared to the same period one year earlier as well as sequentially. All Business Units increased pricing to reflect higher costs associated with inflationary pressures as well as demarketed lower margin business that was not meeting our returns on capital thresholds.

### Market Outlook

We maintain a positive outlook for this segment based upon our view that the oil and natural gas industry will continue to increase drilling programs and invest in new long term capital projects to meet ESG benchmarks. Industry statistics indicate that the drilling rig count in western Canada should continue to rise and may hit new cycle highs this winter. Capital investment in new infrastructure programs and construction projects is expected to remain solid for the balance of the year. As a result, we still expect revenues and profitability to be higher in the second half of 2022 than the first half.

### Revenue

| S&I                          |                                        |              |             |              |             |             |                                       |              |              |              |             |             |
|------------------------------|----------------------------------------|--------------|-------------|--------------|-------------|-------------|---------------------------------------|--------------|--------------|--------------|-------------|-------------|
| (unaudited)<br>(\$ millions) | Three month periods ended September 30 |              |             |              |             |             | Nine month periods ended September 30 |              |              |              |             |             |
|                              | 2022                                   |              | 2021        |              | Change      |             | 2022                                  |              | 2021         |              | Change      |             |
|                              | \$                                     | %            | \$          | %            | \$          | %           | \$                                    | %            | \$           | %            | \$          | %           |
| Company                      | 87.2                                   | 80.1         | 69.2        | 80.7         | 18.0        | 26.0        | 235.7                                 | 80.6         | 185.1        | 80.0         | 50.6        | 27.3        |
| Contractors                  | 21.5                                   | 19.8         | 16.1        | 18.8         | 5.4         | 33.5        | 56.2                                  | 19.2         | 45.3         | 19.6         | 10.9        | 24.1        |
| Other                        | 0.1                                    | 0.1          | 0.4         | 0.5          | (0.3)       | (75.0)      | 0.7                                   | 0.2          | 1.0          | 0.4          | (0.3)       | (30.0)      |
| <b>Total</b>                 | <b>108.8</b>                           | <b>100.0</b> | <b>85.7</b> | <b>100.0</b> | <b>23.1</b> | <b>27.0</b> | <b>292.6</b>                          | <b>100.0</b> | <b>231.4</b> | <b>100.0</b> | <b>61.2</b> | <b>26.4</b> |

- Segment revenue in the third quarter and the first nine months of 2022 increased by \$23.1 million (YTD – \$61.2 million) to \$108.8 million (YTD – \$292.6 million) as compared to \$85.7 million (YTD – \$231.4 million) in 2021.
- General rate increases led to a \$19.7 million (YTD – \$47.6 million) increase in segment revenue, which was due to greater revenue from those Business Units involved in the transportation of fluids and servicing of wells, from greater demand at Canadian Dewatering L.P. ("**Canadian Dewatering**") and Smook Contractors Ltd. ("**Smook**"), and from greater activity levels in the Western Canadian Sedimentary Basin ("**WCSB**") for our drilling related services Business Units.
- Fuel surcharge revenue increased by \$3.4 million (YTD – \$8.0 million) while incremental revenue of \$5.6 million from the acquisition of Babine Truck & Equipment Ltd. accounted for some of the increase in segment revenue in 2022.

*[The remainder of this page intentionally left blank.]*

<sup>1</sup> Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



## Direct Operating Expenses

| S&I                          |                                        |      |       |      |        |         |                                       |      |       |       |        |         |
|------------------------------|----------------------------------------|------|-------|------|--------|---------|---------------------------------------|------|-------|-------|--------|---------|
| (unaudited)<br>(\$ millions) | Three month periods ended September 30 |      |       |      |        |         | Nine month periods ended September 30 |      |       |       |        |         |
|                              | 2022                                   |      | 2021  |      | Change |         | 2022                                  |      | 2021  |       | Change |         |
|                              | \$                                     | %*   | \$    | %*   | \$     | %       | \$                                    | %*   | \$    | %*    | \$     | %       |
| Company                      |                                        |      |       |      |        |         |                                       |      |       |       |        |         |
| Wages and benefits           | 20.8                                   | 23.9 | 18.6  | 26.7 | 2.2    | 11.8    | 57.4                                  | 24.4 | 51.2  | 27.6  | 6.2    | 12.1    |
| CEWS                         | —                                      | —    | (0.1) | —    | 0.1    | (100.0) | —                                     | —    | (6.7) | (3.6) | 6.7    | (100.0) |
| Fuel                         | 6.5                                    | 7.5  | 4.9   | 7.1  | 1.6    | 32.7    | 20.2                                  | 8.6  | 13.8  | 7.5   | 6.4    | 46.4    |
| Repairs and maintenance      | 14.3                                   | 16.4 | 11.4  | 16.5 | 2.9    | 25.4    | 38.9                                  | 16.5 | 32.4  | 17.5  | 6.5    | 20.1    |
| Purchased transportation     | 0.8                                    | 0.9  | 0.3   | 0.4  | 0.5    | 166.7   | 2.0                                   | 0.8  | 1.3   | 0.7   | 0.7    | 53.8    |
| Operating supplies           | 12.4                                   | 14.2 | 10.0  | 14.5 | 2.4    | 24.0    | 35.5                                  | 15.1 | 25.8  | 13.9  | 9.7    | 37.6    |
| Other                        | 2.0                                    | 2.2  | 2.2   | 3.2  | (0.2)  | (9.1)   | 5.7                                   | 2.4  | 5.1   | 2.8   | 0.6    | 11.8    |
|                              | 56.8                                   | 65.1 | 47.3  | 68.4 | 9.5    | 20.1    | 159.7                                 | 67.8 | 122.9 | 66.4  | 36.8   | 29.9    |
| Contractors                  | 17.5                                   | 81.4 | 13.5  | 83.9 | 4.0    | 29.6    | 45.7                                  | 81.3 | 38.1  | 84.1  | 7.6    | 19.9    |
| Total                        | 74.3                                   | 68.3 | 60.8  | 70.9 | 13.5   | 22.2    | 205.4                                 | 70.2 | 161.0 | 69.6  | 44.4   | 27.6    |

\*as a percentage of respective S&I revenue

- DOE were \$74.3 million (YTD – \$205.4 million) in 2022 as compared to \$60.8 million (YTD – \$161.0 million) in 2021. The increase of \$13.5 million (YTD – \$44.4 million) was mainly due to the \$23.1 million (YTD – \$61.2 million) increase in segment revenue.
- As a percentage of revenue these expenses decreased to 68.3 percent in the third quarter of 2022 from 70.9 percent in 2021 due to lower Company and Contractors costs. Year to date, these expenses remained relatively consistent as compared to the same period in 2021.
- Company costs decreased as a percentage of Company revenue in the third quarter of 2022 due to customer rate increases and from generating a greater proportion of higher margin business as compared to the same period in 2021. Year to date, Company costs increased as a percentage of Company revenue due to higher fuel and operating supplies along with recognizing CEWS in 2021.
- Cost of Contractors as a percentage of Contractors revenue decreased in the third quarter and the nine month period in 2022 as compared to the corresponding periods in 2021 due to the greater availability of subcontractors in certain markets in 2022 and from a greater proportion of low margin subcontractors' costs associated with pipeline hauling and stringing services in 2021.

## Selling and Administrative Expenses

| S&I                                            |                                        |     |      |      |        |        |                                       |     |       |       |        |         |
|------------------------------------------------|----------------------------------------|-----|------|------|--------|--------|---------------------------------------|-----|-------|-------|--------|---------|
| (unaudited)<br>(\$ millions)                   | Three month periods ended September 30 |     |      |      |        |        | Nine month periods ended September 30 |     |       |       |        |         |
|                                                | 2022                                   |     | 2021 |      | Change |        | 2022                                  |     | 2021  |       | Change |         |
|                                                | \$                                     | %*  | \$   | %*   | \$     | %      | \$                                    | %*  | \$    | %*    | \$     | %       |
| Wages and benefits                             | 5.2                                    | 4.8 | 5.2  | 6.1  | —      | —      | 15.8                                  | 5.4 | 15.4  | 6.7   | 0.4    | 2.6     |
| CEWS                                           | —                                      | —   | —    | —    | —      | —      | —                                     | —   | (2.0) | (0.9) | 2.0    | (100.0) |
| Communications, utilities and general supplies | 2.9                                    | 2.7 | 2.8  | 3.3  | 0.1    | 3.6    | 9.0                                   | 3.1 | 8.3   | 3.6   | 0.7    | 8.4     |
| Profit share                                   | 1.6                                    | 1.5 | 0.9  | 1.1  | 0.7    | 77.8   | 3.5                                   | 1.2 | 2.3   | 1.0   | 1.2    | 52.2    |
| Foreign exchange                               | —                                      | —   | —    | —    | —      | —      | —                                     | —   | —     | —     | —      | —       |
| Rent and other                                 | 0.2                                    | 0.1 | 0.3  | 0.2  | (0.1)  | (33.3) | 0.5                                   | 0.1 | 0.6   | 0.2   | (0.1)  | (16.7)  |
| Total                                          | 9.9                                    | 9.1 | 9.2  | 10.7 | 0.7    | 7.6    | 28.8                                  | 9.8 | 24.6  | 10.6  | 4.2    | 17.1    |

\*as a percentage of total S&I revenue

- S&A expenses increased by \$0.7 million to \$9.9 million in the third quarter of 2022 as compared to the prior year period and was mainly due to higher profit share resulting from greater earnings. Year to date, S&A expenses increased by \$4.2 million



to \$28.8 million as compared to 2021 due to higher profit share, inflationary costs associated with utilities and general supplies, increment S&A expenses from acquisitions and from the recovery of CEWS in 2021.

## OIBDA

- OIBDA increased by \$8.9 million (YTD – \$12.6 million) due to price increases implemented at several Business Units, the improved results at Canadian Dewatering, greater demand from the Business Units involved in the transportation of fluids and servicing of wells, and drilling related services as higher commodity prices resulted in increased activity levels in the WCSB.
- Operating margin<sup>1</sup> improved by 4.3 percent (YTD – 0.2 percent) to 22.6 percent (YTD – 20.0 percent) from 18.3 percent (YTD – 19.8 percent) in 2021 due to price increases, greater activity levels resulting in more efficient operations and a greater proportion of higher margin business.
- Adjusted OIBDA<sup>1</sup> was \$24.6 million (YTD – \$58.4 million) as compared to \$15.6 million (YTD – \$37.1 million) in 2021.
- Adjusted operating margin<sup>1</sup> increased to 22.6 percent (YTD – 20.0 percent) from 18.2 percent (YTD – 16.0 percent) in 2021 due to price increases implemented at several Business Units, the strong performance at Canadian Dewatering and greater activity levels in the WCSB.

## Capital Expenditures

| S&I                                               |                                        |       |        |                                       |       |        |
|---------------------------------------------------|----------------------------------------|-------|--------|---------------------------------------|-------|--------|
| (unaudited)<br>(\$ millions)                      | Three month periods ended September 30 |       |        | Nine month periods ended September 30 |       |        |
|                                                   | 2022                                   | 2021  | Change | 2022                                  | 2021  | Change |
|                                                   | \$                                     | \$    | \$     | \$                                    | \$    | \$     |
| Purchase of property, plant and equipment         | 2.0                                    | 3.5   | (1.5)  | 8.0                                   | 9.0   | (1.0)  |
| Proceeds on sale of property, plant and equipment | (1.4)                                  | (1.5) | 0.1    | (5.3)                                 | (6.2) | 0.9    |
| Net capital expenditures <sup>1</sup>             | 0.6                                    | 2.0   | (1.4)  | 2.7                                   | 2.8   | (0.1)  |

- The majority of the capital invested in 2022 consisted of pumps, generators, and water management equipment to support demand at Canadian Dewatering and to replace some civil construction equipment to meet the demand of future projects at Smook.



## U.S. & INTERNATIONAL LOGISTICS

### Highlights for the Quarter

HAUListic is currently the only Business Unit in the US 3PL segment. Freight demand for full truckload shipments, which represents 10.5 percent of total revenue, softened in the third quarter impacting total revenue and margin per load due to competitive pricing. Less-than-truckload shipments remained solid for the quarter, however, pricing came under pressure. Overall, margins were negatively impacted by competitive pricing as well as an increase in S&A expenses as we continue to build out the technology platform and add Information Technology talent.

### Market Outlook

Freight demand has softened in the U.S. and International market as retailers and manufacturers adjust to the imbalance in inventory levels. The reduction in demand is also pressuring Contractors to reduce rates. HAUListic, as a technology based 3PL service provider, manages the logistics requirements for shippers with pricing based upon market conditions and the supply of Contractors, with overall profitability based upon managing the spread and controlling overall sales, administration, and technology costs. We continue to view technology as a competitive edge, as such, we will continue to invest in the proprietary SilverExpress platform. Profitability will be impacted in the short-term as we build for the future.

<sup>1</sup> Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



## Revenue

| US 3PL                       |                                        |       |      |       |        |       |                                       |       |      |       |        |       |
|------------------------------|----------------------------------------|-------|------|-------|--------|-------|---------------------------------------|-------|------|-------|--------|-------|
| (unaudited)<br>(\$ millions) | Three month periods ended September 30 |       |      |       |        |       | Nine month periods ended September 30 |       |      |       |        |       |
|                              | 2022                                   |       | 2021 |       | Change |       | 2022                                  |       | 2021 |       | Change |       |
|                              | \$                                     | %     | \$   | %     | \$     | %     | \$                                    | %     | \$   | %     | \$     | %     |
| Company                      | —                                      | —     | —    | —     | —      | —     | —                                     | —     | —    | —     | —      | —     |
| Contractors                  | 54.7                                   | 100.0 | 57.0 | 100.0 | (2.3)  | (4.0) | 169.2                                 | 100.0 | 57.0 | 100.0 | 112.2  | 196.8 |
| Other                        | —                                      | —     | —    | —     | —      | —     | —                                     | —     | —    | —     | —      | —     |
| Total                        | 54.7                                   | 100.0 | 57.0 | 100.0 | (2.3)  | (4.0) | 169.2                                 | 100.0 | 57.0 | 100.0 | 112.2  | 196.8 |

- HAUListic generated \$54.7 million (YTD – \$169.2 million) of gross freight revenue, which is consistent with our expectations and resulted from slightly lower freight demand for full truckload shipments in the third quarter of 2022. Revenue in the first nine months of 2022 increased over the prior year period due to the timing of the acquisition of HAUListic.

## Direct Operating Expenses

| US 3PL                       |                                        |      |      |      |        |       |                                       |      |      |      |        |       |
|------------------------------|----------------------------------------|------|------|------|--------|-------|---------------------------------------|------|------|------|--------|-------|
| (unaudited)<br>(\$ millions) | Three month periods ended September 30 |      |      |      |        |       | Nine month periods ended September 30 |      |      |      |        |       |
|                              | 2022                                   |      | 2021 |      | Change |       | 2022                                  |      | 2021 |      | Change |       |
|                              | \$                                     | %*   | \$   | %*   | \$     | %     | \$                                    | %*   | \$   | %*   | \$     | %     |
| Company                      |                                        |      |      |      |        |       |                                       |      |      |      |        |       |
| Wages and benefits           | —                                      | —    | —    | —    | —      | —     | —                                     | —    | —    | —    | —      | —     |
| CEWS                         | —                                      | —    | —    | —    | —      | —     | —                                     | —    | —    | —    | —      | —     |
| Fuel                         | —                                      | —    | —    | —    | —      | —     | —                                     | —    | —    | —    | —      | —     |
| Repairs and maintenance      | —                                      | —    | —    | —    | —      | —     | —                                     | —    | —    | —    | —      | —     |
| Purchased transportation     | —                                      | —    | —    | —    | —      | —     | —                                     | —    | —    | —    | —      | —     |
| Operating supplies           | —                                      | —    | —    | —    | —      | —     | —                                     | —    | —    | —    | —      | —     |
| Other                        | 0.2                                    | —    | 0.1  | —    | 0.1    | 100.0 | 0.7                                   | —    | 0.1  | —    | 0.6    | 600.0 |
|                              | 0.2                                    | —    | 0.1  | —    | 0.1    | 100.0 | 0.7                                   | —    | 0.1  | —    | 0.6    | 600.0 |
| Contractors                  | 49.3                                   | 90.1 | 51.6 | 90.5 | (2.3)  | (4.5) | 153.5                                 | 90.7 | 51.6 | 90.5 | 101.9  | 197.5 |
| Total                        | 49.5                                   | 90.5 | 51.7 | 90.7 | (2.2)  | (4.3) | 154.2                                 | 91.1 | 51.7 | 90.7 | 102.5  | 198.3 |

\*as a percentage of respective US 3PL revenue

- HAUListic, a non asset based 3PL, does not own any operating assets other than its proprietary technology platform trademarked as SilverExpress. All freight is moved through a network of licensed and certified contractors.
- HAUListic uses the services of Contractors to transport tendered freight shipments. During 2022 the availability of Contractors was extremely tight contributing to significantly higher spot market pricing. Total Contractors expense was \$49.3 million (YTD – \$153.5 million) or 90.1 percent (YTD – 90.7 percent) of Contractors revenue, which was higher than anticipated due to the timing of when customer contracts were signed as compared to spot market pricing.



## Selling and Administrative Expenses

| US 3PL                                         |                                        |       |       |       |        |       |                                       |       |       |       |        |       |
|------------------------------------------------|----------------------------------------|-------|-------|-------|--------|-------|---------------------------------------|-------|-------|-------|--------|-------|
| (unaudited)<br>(\$ millions)                   | Three month periods ended September 30 |       |       |       |        |       | Nine month periods ended September 30 |       |       |       |        |       |
|                                                | 2022                                   |       | 2021  |       | Change |       | 2022                                  |       | 2021  |       | Change |       |
|                                                | \$                                     | %*    | \$    | %*    | \$     | %     | \$                                    | %*    | \$    | %*    | \$     | %     |
| Wages and benefits                             | 2.5                                    | 4.6   | 1.9   | 3.3   | 0.6    | 31.6  | 6.8                                   | 4.0   | 1.9   | 3.3   | 4.9    | 257.9 |
| CEWS                                           | —                                      | —     | —     | —     | —      | —     | —                                     | —     | —     | —     | —      | —     |
| Communications, utilities and general supplies | 1.0                                    | 1.8   | 0.4   | 0.7   | 0.6    | 150.0 | 2.6                                   | 1.5   | 0.4   | 0.7   | 2.2    | 550.0 |
| Profit share                                   | 0.1                                    | 0.2   | —     | —     | 0.1    | —     | 0.2                                   | 0.1   | —     | —     | 0.2    | —     |
| Foreign exchange                               | (0.4)                                  | (0.7) | (0.1) | (0.2) | (0.3)  | 300.0 | (0.5)                                 | (0.3) | (0.1) | (0.2) | (0.4)  | 400.0 |
| Rent and other                                 | 0.5                                    | 0.9   | 0.2   | 0.4   | 0.3    | 150.0 | 1.1                                   | 0.7   | 0.2   | 0.4   | 0.9    | 450.0 |
| Total                                          | 3.7                                    | 6.8   | 2.4   | 4.2   | 1.3    | 54.2  | 10.2                                  | 6.0   | 2.4   | 4.2   | 7.8    | 325.0 |

\*as a percentage of total US 3PL revenue

- S&A expenses consist primarily of salaries and technology costs.

## OIBDA

- OIBDA was \$1.5 million (YTD – \$4.8 million) or 2.7 percent (YTD – 2.8 percent) of revenue. Operating margin<sup>1</sup> as a percentage of net revenue<sup>1</sup> was 28.8 percent (YTD – 32.0 percent).
- OIBDA was negatively impacted by higher than normal Contractors expense and an increase in S&A expenses.

## Capital Expenditures

This asset light operating segment did not have any capital expenditures or dispositions. This segment only had \$1.5 million of property, plant and equipment associated with its SilverExpress transportation management platform as at September 30, 2022, and therefore generates cash in excess of its operating needs.

## CORPORATE

The Corporate Office recorded a loss of \$1.8 million (YTD – \$6.2 million) in 2022 as compared to a loss of \$3.7 million (YTD – \$10.2 million) in 2021. The \$1.9 million (YTD – \$4.0 million) decrease in loss was mainly attributable to a \$2.0 million (YTD – \$2.9 million) positive variance in foreign exchange. Corporate Office costs also decreased due to lower acquisition related costs, which was somewhat offset by higher salaries.

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<sup>1</sup> Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



# CAPITAL RESOURCES AND LIQUIDITY

## Consolidated Cash Flow Summary

| (unaudited)<br>(\$ millions)                      | Nine month periods ended September 30 |        |      |         |
|---------------------------------------------------|---------------------------------------|--------|------|---------|
|                                                   | 2022                                  |        | 2021 |         |
| Net cash from operating activities                | \$                                    | 162.5  | \$   | 132.2   |
| Net cash used in financing activities             |                                       | (98.3) |      | (3.8)   |
| Net cash used in investing activities             |                                       | (52.9) |      | (226.1) |
| Change in cash and cash equivalents               |                                       | 11.3   |      | (97.7)  |
| Effect of exchange rate fluctuations on cash held |                                       | (2.6)  |      | (1.4)   |
| Cash and cash equivalents, beginning of period    |                                       | —      |      | 105.3   |
| Cash and cash equivalents, end of period          | \$                                    | 8.7    | \$   | 6.2     |

## Sources and Uses of Cash

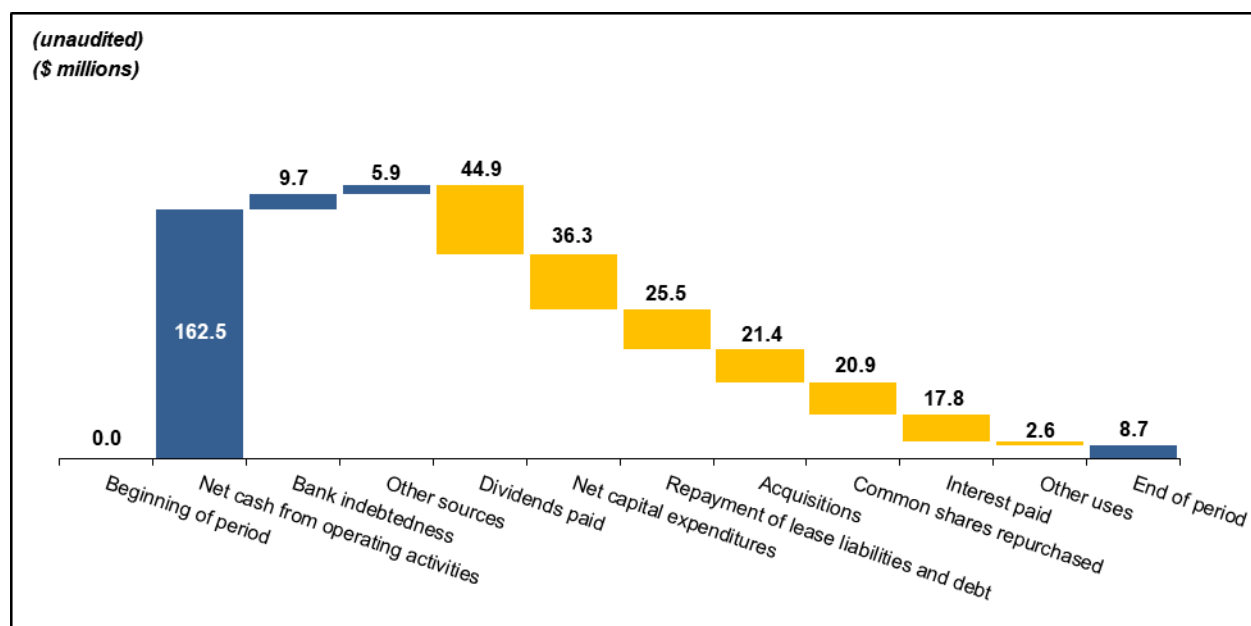
|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Cash From Operating Activities</b>    | We continue to generate cash in excess of our operating needs by generating net cash from operating activities of \$162.5 million in 2022 as compared to \$132.2 million in 2021. The increase of \$30.3 million was mainly due to the increase in OIBDA in 2022 as compared to 2021. This increase was somewhat offset by higher working capital requirements associated with the revenue growth we experienced in 2022 and from an increase in cash taxes paid in 2022 as compared to the prior year.                                                                                                                    |
| <b>Cash Used In Financing Activities</b> | Net cash used in financing activities was \$98.3 million in 2022 as compared to using \$3.8 million in 2021. This \$94.5 million variance was mainly due to the amounts being borrowed on our Credit Facilities (as hereafter defined on page 27) in 2022 as compared to 2021 to finance working capital requirements. We also had an increase in cash used to pay dividends to common shareholders, pay interest obligations, pay debt assumed on the Willy's acquisition and repay lease liabilities. These items were somewhat offset by a decrease in cash used to repurchase and cancel Common Shares under the NCIB. |
| <b>Cash Used In Investing Activities</b> | Net cash used in investing activities decreased to \$52.9 million in 2022 as compared to \$226.1 million in 2021. This \$173.2 million decrease was mainly due to a decrease in cash used on acquisitions.                                                                                                                                                                                                                                                                                                                                                                                                                 |

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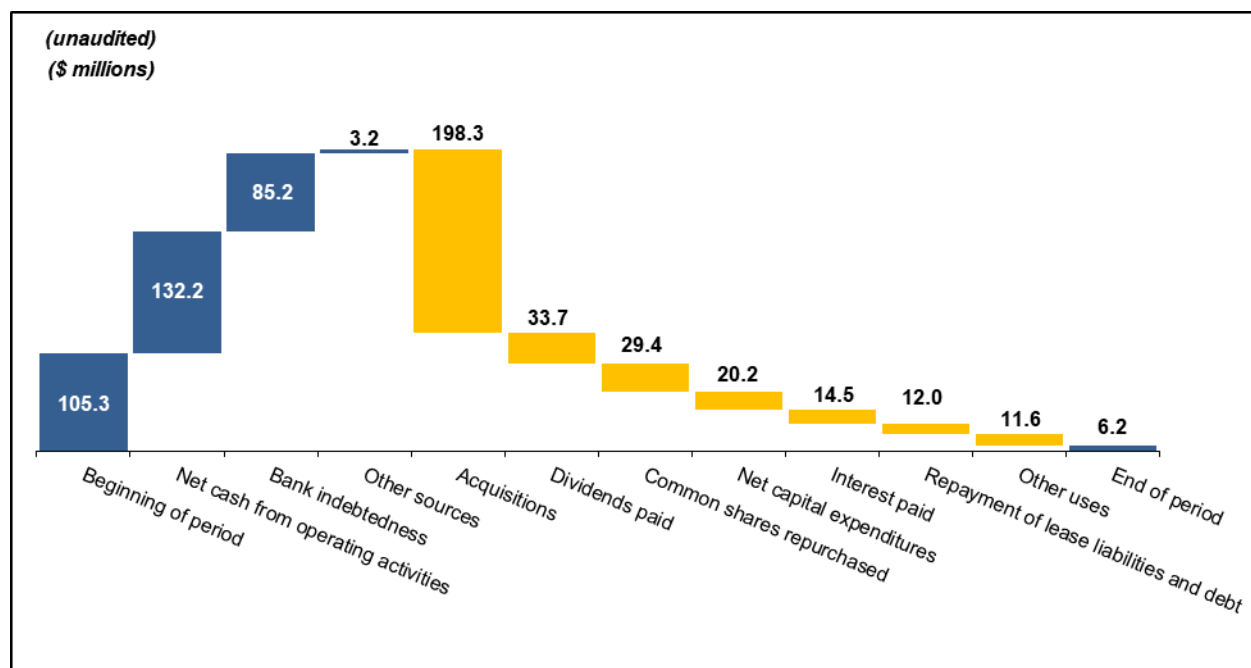


The following charts present the sources and uses of cash for comparative purposes.

### Nine month period ended September 30, 2022



### Nine month period ended September 30, 2021



### Working Capital

At September 30, 2022, we had \$94.6 million (December 31, 2021 – \$50.8 million) of working capital, which included \$98.7 million of amounts drawn on the Credit Facilities (as hereafter defined on page 27) (December 31, 2021 – \$89.0 million). This working capital also includes a current liability of \$20.3 million (December 31, 2021 – \$17.9 million) related to the current portion of lease liabilities. This working capital, the Credit Facilities, and the anticipated cash flow from operating activities in 2022 are available to finance ongoing working capital requirements, the 2022 dividend, the 2022 capital budget, as well as various special projects and acquisition opportunities.



## Debt

The details of our debt can be found on page 44 of the 2021 MD&A. As at September 30, 2022, our debt has not changed significantly from those details.

Mullen Group, has financial covenants associated with its Private Placement Debt. As evidenced by the table below, we are in compliance with our financial covenants.

| Financial Covenants                                                                       | Financial Covenant Threshold | September 30 2022 | June 30 2022 | March 31 2022 | December 31 2021 |
|-------------------------------------------------------------------------------------------|------------------------------|-------------------|--------------|---------------|------------------|
| Private Placement Debt Covenants                                                          |                              |                   |              |               |                  |
| (a) Total net debt <sup>1</sup> to operating cash flow cannot exceed                      | 3.50:1                       | 1.98:1            | 2.37:1       | 2.55:1        | 2.52:1           |
| (b) Total earnings available for fixed charges to total fixed charges cannot be less than | 1.75:1                       | 11.04:1           | 10.31:1      | 9.90:1        | 10.02:1          |

<sup>(1)</sup> Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

Total net debt<sup>1</sup> to operating cash flow was 1.98:1 at September 30, 2022. Assuming the \$630.5 million of total net debt<sup>1</sup> remains constant, we would need to generate approximately \$180.1 million of operating cash flow on a trailing twelve month basis to remain in compliance with this financial covenant. When a business is acquired, the trailing twelve months of operating cash flows generated by the newly acquired business may be added to our trailing twelve months' operating cash flows from the date of acquisition for financial covenant calculation purposes, such has not been included in the above calculation.

Mullen Group is also subject to a priority debt covenant. The term "priority debt" means all indebtedness secured by permitted liens excluding certain qualified subsidiary debt. Priority debt cannot exceed 15.0 percent of total assets. At September 30, 2022, the priority debt was \$0.6 million or an insignificant percentage of total assets.

## Convertible Debentures

In June 2019, we issued \$125.0 million of convertible unsecured subordinated debentures (the "**Debentures**"), by way of a bought deal, at a price of \$1,000 per Debenture. The Debentures are publicly traded and are listed on the TSX under the symbol "MTL.DB". The Debentures will mature on November 30, 2026 and bear interest at an annual rate of 5.75 percent payable semi-annually in arrears on May 31 and November 30 in each year beginning November 30, 2019. Each \$1,000 Debenture is convertible into 71.4286 Common Shares of Mullen Group (such is based on a conversion price of \$14.00) at any time at the option of the holders of the Debentures.

## Credit Facilities

On October 1, 2021, we entered into a credit agreement (the "**CIBC Credit Facility**") with Canadian Imperial Bank of Commerce ("**CIBC**"). The CIBC Credit Facility is a \$100.0 million revolving demand credit facility to finance the Corporation's general operating requirements including acquisition transactions. The CIBC Credit Facility is unsecured although MT has granted an unlimited guarantee of any indebtedness owing on the CIBC Credit Facility. We also have a loan agreement to borrow up to \$150.0 million on an unsecured credit facility with the Royal Bank of Canada (the "**RBC Credit Facility**"). MT has granted an unlimited guarantee of any indebtedness owing on the RBC Credit Facility. As at September 30, 2022, there was \$98.7 million drawn on the CIBC Credit Facility and the RBC Credit Facility (collectively, the "**Credit Facilities**").

## Contractual Obligations

An overview of Mullen Group's contractual obligations can be found on page 46 of the 2021 MD&A. As at September 30, 2022, Mullen Group's contractual obligations have not changed significantly from this overview.

## Share Capital

The authorized share capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series. The number of, and the specific rights, privileges, restrictions and conditions attaching to any series of Preferred Shares shall be determined by the Board prior to the creation and issuance thereof. As at the date hereof, no series of Preferred Shares has been created.

<sup>1</sup> Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".



## Common Shares

| Common Shares<br>Authorized: Unlimited Number | # of Common<br>Shares | Amount<br>(\$ millions) |
|-----------------------------------------------|-----------------------|-------------------------|
| Balance at December 31, 2021                  | 94,532,178            | \$ 853.6                |
| Common Shares repurchased and cancelled       | (1,712,346)           | (10.8)                  |
| Balance at September 30, 2022                 | <b>92,819,832</b>     | <b>\$ 842.8</b>         |

At September 30, 2022, there were 92,819,832 Common Shares outstanding representing \$842.8 million in share capital. In 2022 we repurchased and cancelled 1,712,346 Common Shares under the NCIB program. We also repurchased 12,995 Common Shares that are scheduled to be cancelled in October 2022.

## Stock Option Plan

|                                  | Options          | Weighted average<br>exercise price |
|----------------------------------|------------------|------------------------------------|
| Outstanding – December 31, 2021  | 3,755,000        | \$ 16.89                           |
| Granted                          | 345,000          | 13.42                              |
| Expired                          | (205,000)        | (21.48)                            |
| Forfeited                        | (85,000)         | (14.40)                            |
| Outstanding – September 30, 2022 | <b>3,810,000</b> | <b>\$ 16.39</b>                    |
| Exercisable – September 30, 2022 | <b>2,400,000</b> | <b>\$ 19.29</b>                    |

There are 2,957,500 stock options available to be issued under our stock option plan. In 2022 there were 345,000 stock options granted, 205,000 stock options expired and 85,000 stock options were forfeited. As at September 30, 2022, Mullen Group had 3,810,000 stock options outstanding under the stock option plan.

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# SUMMARY OF QUARTERLY RESULTS

## Seasonality of Operations

Revenue and profitability within the LTL and L&W segments are generally lower in the first quarter than during the remainder of the year as freight volumes are typically lower following the holiday season due to less consumer demand and customers reducing shipments. Operating expenses also tend to increase within these segments in the winter months due to decreased fuel efficiency and increased repairs and maintenance expense resulting from cold weather conditions. Generally speaking, the third and fourth quarters tend to be the strongest in terms of demand for the services in these segments.

A significant portion of the operations within the S&I segment is comprised of a wide range of unique businesses providing specialized equipment and services to the oil and gas, environmental, construction, pipeline, utility, telecom and civil industries, predominantly in western Canada. Activity levels, revenue and earnings are influenced by the seasonal activity pattern of western Canada's oil and natural gas exploration industry whereby activity peaks in the winter months and declines during the spring. As a result, the demand for these services has historically been highest in the first quarter and lowest in the second quarter.

## Financial Results

|                                                  | TTM <sup>(1)</sup> | 2022  |       |       | 2021  |       |       |       | 2020  |
|--------------------------------------------------|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| (unaudited)                                      |                    | Q3    | Q2    | Q1    | Q4    | Q3    | Q2    | Q1    | Q4    |
| (\$ millions, except per share amounts)          | \$                 | \$    | \$    | \$    | \$    | \$    | \$    | \$    | \$    |
| Revenue                                          | 1,938.7            | 518.4 | 521.5 | 456.9 | 441.9 | 432.5 | 312.5 | 290.5 | 297.7 |
| OIBDA                                            | 318.1              | 98.1  | 93.9  | 60.3  | 65.8  | 64.5  | 59.0  | 47.1  | 52.2  |
| Net income                                       | 117.3              | 38.0  | 42.7  | 16.4  | 20.2  | 17.5  | 21.7  | 13.0  | 10.1  |
| Earnings per share                               |                    |       |       |       |       |       |       |       |       |
| Basic                                            | 1.25               | 0.41  | 0.46  | 0.17  | 0.21  | 0.18  | 0.23  | 0.13  | 0.10  |
| Diluted                                          | 1.20               | 0.39  | 0.43  | 0.17  | 0.21  | 0.18  | 0.23  | 0.13  | 0.10  |
| <b>Other Information</b>                         |                    |       |       |       |       |       |       |       |       |
| Net foreign exchange loss (gain)                 | 13.7               | 8.4   | 1.2   | 3.3   | 0.8   | (0.2) | (1.2) | (0.1) | 0.1   |
| Decrease (increase) in fair value of investments | (0.1)              | 0.4   | 0.1   | (0.2) | (0.4) | 0.3   | (0.7) | (0.4) | (0.4) |

<sup>(1)</sup> TTM represents the "trailing twelve months" and consists of a summary of the Corporation's financial results for the most recently completed four quarters.

Consolidated revenue in the third quarter of 2022 was a record as compared to any previous third quarter and increased by \$85.9 million to \$518.4 million as compared to \$432.5 million in 2021. This increase was mainly due to general rate increases along with steady demand for freight services and an increase in fuel surcharge revenue. Net income in the third quarter was \$38.0 million, an increase of \$20.5 million from the \$17.5 million of net income generated in 2021. The increase in net income was mainly attributable to an increase in OIBDA being somewhat offset by an increase in income tax expense and a negative variance in net foreign exchange.

Consolidated revenue in the second quarter of 2022 was a record as compared to any previous quarter and increased by \$209.0 million to \$521.5 million as compared to \$312.5 million in 2021. This increase was mainly due to the incremental revenue generated from acquisitions. Net income in the second quarter was \$42.7 million, an increase of \$21.0 million from the \$21.7 million of net income generated in 2021. The increase in net income was mainly attributable to an increase in OIBDA being somewhat offset by an increase in income tax expense and a negative variance in net foreign exchange.

Consolidated revenue in the first quarter of 2022 was at that time a record as compared to any previous quarter and increased by \$166.4 million to \$456.9 million as compared to \$290.5 million in 2021. This increase was mainly due to the incremental revenue generated from acquisitions. Net income in the first quarter was \$16.4 million, an increase of \$3.4 million from the \$13.0 million of net income generated in 2021. The increase in net income was mainly attributable to an increase in OIBDA being somewhat offset by a negative variance in net foreign exchange and an increase in income tax expense.

Consolidated revenue in the fourth quarter of 2021 was at that time a record as compared to any previous quarter and increased by \$144.2 million to \$441.9 million as compared to \$297.7 million in 2020. This increase was mainly due to the incremental revenue generated from acquisitions. Net income in the fourth quarter was \$20.2 million, an increase of \$10.1 million from the \$10.1 million of net income generated in 2020. The \$10.1 million increase in net income was mainly attributable to an increase in OIBDA.



## TRANSACTIONS WITH RELATED PARTIES

A description of transactions with related parties can be found on page 68 of the 2021 MD&A. As at September 30, 2022, the transactions with related parties have not changed significantly from these descriptions.

All of the transactions with related parties occurred in the normal course of operations with terms consistent with those offered to arms-length parties and are measured at the exchange amount. Mullen Group has no long-term contracts with any related party other than the \$4.9 million of Debentures held by directors and officers of Mullen Group as at September 30, 2022.

## PRINCIPAL RISKS AND UNCERTAINTIES

A description of principal risks and uncertainties can be found beginning on page 69 of the 2021 MD&A. As at September 30, 2022, these risks and uncertainties, identified as strategic, financial and operational risks have not changed significantly from those descriptions.

## CRITICAL ACCOUNTING ESTIMATES

This MD&A summarizes Mullen Group's financial condition and results of operations and is based upon our Interim Financial Statements, which have been prepared in accordance with IFRS and comply with IAS 34 Interim Financial Reporting. The Interim Financial Statements require management to select significant accounting policies and make certain critical accounting estimates that affect the reported assets, liabilities, revenue and expenses. A description of critical accounting estimates can be found beginning on page 86 of the 2021 MD&A. As at September 30, 2022, our critical accounting estimates have not changed significantly from such description.

## SIGNIFICANT ACCOUNTING POLICIES

### New Standards and Interpretations Not Yet Adopted

A description of new standards and interpretations not yet adopted can be found on page 89 of the 2021 MD&A. There have been no new standards or interpretations issued during 2022 that significantly impact Mullen Group.

### Changes in Accounting Policies

There have been no changes to our accounting policies in 2022 as compared to those disclosed in our Annual Financial Statements.

## DISCLOSURE AND INTERNAL CONTROLS

### Disclosure Controls and Internal Controls over Financial Reporting

As at September 30, 2022, an evaluation of the effectiveness of our disclosure controls and procedures as defined under the rules adopted by the Canadian securities regulatory authorities was carried out under the supervision and with the participation of management, including the Senior Executive Officer ("SEO"), acting in the capacity of the Chief Executive Officer and the Senior Accounting Officer ("SAO"), acting in the capacity of the Chief Financial Officer. Based on this evaluation, the SEO and the SAO concluded that, as at September 30, 2022, the design and operation of Mullen Group's disclosure controls and procedures were effective.

Internal control over financial reporting is a process designed by or under the supervision of management and effected by the Board, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with IFRS. Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting, no matter how well designed, has inherent limitations and can provide only reasonable assurance with respect to the preparation and fair presentation of published financial statements. Under the supervision and with the participation of the SEO and SAO, management conducted an evaluation of the effectiveness of its internal control over financial reporting as at September 30, 2022.

Based on this evaluation, the SEO and the SAO concluded that internal control over financial reporting was effective as at September 30, 2022, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes. We utilize the Internal Control – Integrated Framework (2013) as issued by the Committee of Sponsoring Organizations of the Treadway Commission. As at September 30, 2022, there was no change in our design of internal control over financial reporting that materially affected or is reasonably likely to materially affect our internal control over financial reporting.



## FORWARD-LOOKING INFORMATION STATEMENTS

This MD&A contains forward-looking statements within the meaning of applicable Canadian Securities laws. Readers are cautioned that expectations, estimates, projections and assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The following is a list of forward-looking statements contained within this MD&A, along with the respective assumptions:

- Mullen Group's comment that we announced three non-binding agreements to monetize non-core assets last quarter, one of which expired and did not close while the others could result in proceeds of approximately \$50.0 million, as referred to in the Progress section beginning on page 3. This forward-looking statement is based on the assumption that if the two remaining non-binding agreements close, it could result in the Corporation receiving proceeds of approximately \$50.0 million.
- Mullen Group's plan: to acquire competing and complementary companies; to invest \$70.0 million in capital expenditures with \$60.0 million allocated towards the replacement of operating equipment and productivity improvements and \$10.0 million allocated to our sustainability initiatives; to allocate funds to repurchase our Common Shares under the NCIB program; and to pay annual dividends of \$0.72 per Common Share (\$0.06 per Common Share on a monthly basis) for 2022, as referred to in the Capital Allocations section beginning on page 6. These forward-looking statements are based on the assumption that we will generate sufficient cash in excess of our financial obligations to support our plan.
- Mullen Group's comment that our current order book continues to remain solid in all operating segments and with the current economic fundamentals still sound, we are not anticipating any material impact to our business for the balance of the year, other than the traditional seasonal slowdown, as referred to in the Outlook within the Consolidated Financial Results section beginning on page 7. This forward-looking statement is based on the assumption that the initiatives implemented by central bank authorities, inflationary pressures and excessive inventory levels will ultimately have an impact on overall economic activity.
- Mullen Group's comment that the supply chain is always evolving and changing. From our standpoint it appears that consumers still are willing to spend, however, they have become more cost conscious. The retail sector on the other hand is in a period of adjustment due to excessive inventory levels built up subsequent to the onset of COVID-19. The net impact of these market changes on our Business Units suggests that freight demand may soften in the near term, as referred to in the Outlook within the Consolidated Financial Results section beginning on page 7. This forward-looking statement is based on the assumption that employment levels are an important factor in determining end consumer demand, one of the key factors influencing less-than-truckload shipments. We do not, however, envision any significant declines provided the job market remains strong.
- Mullen Group's comment that we do expect a downturn in the transportation of freight from manufacturing origin as retailers adjust inventory levels. As a result, we believe that the demand for long haul freight services, both in Canada and the United States, will be softer than previous quarters until inventory levels are right sized, which could take a few quarters, as referred to in the Outlook within the Consolidated Financial Results section beginning on page 7. This forward-looking statement is based on the assumption that we view the inventory rebalancing cycle as "transitory", and inventories will require restocking once current inventory is sold or liquidated. It is also likely that most supply chain issues will normalize during this inventory rebalancing period. One area we are watching carefully is the impact higher interest rates will have on future capital and business investment. As of this date, we have seen no material impact.
- Mullen Group's comment that we have a diversified business model servicing multiple verticals in the economy. This strategy will allow our organization to minimize the negative impacts of changes to supply and demand in any one sector of the economy. In addition, we believe that many competitors will struggle as freight demand slows. We will use any slowdown to acquire competitors that meet our long-term strategic plans, at reasonable valuations, as referred to in the Outlook within the Consolidated Financial Results section beginning on page 7. This forward-looking statement is based on the assumption that policies currently adopted by central banks will slow economic activity and the risk for some sort of new financial instability is rising. For this reason we will prudently manage the balance sheet.
- Mullen Group's comment that in the LTL segment we anticipate revenues to be lighter in the last quarter of the year as compared to the last two quarters, partially due to seasonal factors, as referred to in the LTL segment Market Outlook beginning on page 15. This forward-looking statement is based on the assumption that there is ample evidence to suggest economic activity is slowing. We do not, however, expect any significant declines due to the continued strong employment numbers, a major factor impacting consumer spending. Our focus will be on yield management, lane density and pricing discipline. We remain on target for the second half of 2022 to be better than the first six months. Strategically, we will look to complete additional acquisitions as opportunities arise in this segment.



- Mullen Group's comment that in the L&W segment we remain of the view that this segment will continue to generate strong results for the foreseeable future, however, we do not expect any meaningful internal growth, as referred to in the L&W segment Market Outlook beginning on page 17. This forward-looking statement is based on the assumption that our expectation is that business and industry must continue to make capital investments to meet demand and to improve operating productivity.
- Mullen Group's comment that we maintain a positive outlook for the S&I segment and expect revenues and profitability to be higher in the second half of 2022 than the first half, as referred to in the S&I segment Market Outlook beginning on page 20. This forward-looking statement is based on our view that the oil and natural gas industry will continue to increase drilling programs and invest in new long term capital projects to meet ESG benchmarks. Industry statistics indicate that the drilling rig count in western Canada should continue to rise and may hit new cycle highs this winter. Capital investment in new infrastructure programs and construction projects is expected to remain solid for the balance of the year.
- Mullen Group's expectation that profitability will be impacted in the short-term as we build for the future within the US 3PL segment, as referred to in the US 3PL segment Market Outlook beginning on page 22. This forward-looking statement is based on the assumption that freight demand has softened in the U.S. and International market as retailers and manufacturers adjust to the imbalance in inventory levels. The reduction in demand is also pressuring Contractors to reduce rates. HAUListic, as a technology based 3PL service provider, manages the logistics requirements for shippers with pricing based upon market conditions and the supply of Contractors, with overall profitability based upon managing the spread and controlling overall sales, administration, and technology costs. We continue to view technology as a competitive edge, as such, we will continue to invest in the proprietary SilverExpress platform.
- Mullen Group's intention to use working capital, the Credit Facilities and the anticipated cash flow from operating activities in 2022 to finance its ongoing working capital requirements, the 2022 dividend, the 2022 capital budget, as well as various special projects and acquisition opportunities, as referred to in the Capital Resources and Liquidity section beginning on page 25. This forward-looking statement is based on our belief that our access to cash will exceed our expected requirements.

Although we believe that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because we can give no assurance that they will prove to be correct.

Forward-looking statements address future events and conditions and, therefore, involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Accordingly, readers should not place undue reliance on the forward-looking statements contained in this MD&A. Readers are cautioned that the foregoing list of factors and risks is not exhaustive. Additional information on these and other factors that could affect the operations or financial results of Mullen Group along with the forward-looking statements in this MD&A, may be found in the Advisory on page 1 as well as in reports on file with applicable securities regulatory authorities and may be accessed through the Corporation's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com). The forward-looking statements contained in this MD&A are made as of the date hereof and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities law. We rely on litigation protection for "forward-looking" statements.

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## GLOSSARY OF TERMS AND RECONCILIATION OF NON-GAAP TERMS

The Interim Financial Statements attached and referred to in this MD&A were prepared according to Canadian GAAP. References to Adjusted OIBDA, adjusted operating margin, operating margin, net income – adjusted, earnings per share – adjusted, net capital expenditures, net debt, total net debt, net revenue, cash flow per share and consolidated direct operating expenses – adjusted for CEWS and HAUListic are not measures recognized by Canadian GAAP and do not have standardized meanings prescribed by Canadian GAAP. This MD&A reports on certain financial performance measures that are described and presented in order to provide shareholders and potential investors with additional measures to evaluate our ability to fund our operations and information regarding our liquidity. In addition, these measures are used by management in its evaluation of performance. These Non-GAAP Terms may not be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures prepared in accordance with Canadian GAAP. Investors are cautioned that these indicators should not replace the foregoing Canadian GAAP terms: net income, earnings per share, purchases of property, plant and equipment, proceeds on sale of property, plant and equipment and debt.

### Adjusted OIBDA

Adjusted OIBDA is a Non-GAAP term and is calculated by subtracting CEWS from OIBDA. Management calculates Adjusted OIBDA by excluding CEWS to more clearly reflect earnings from an operating perspective.

| (unaudited)<br>(\$ millions) | Three month periods ended<br>September 30 |         | Nine month periods ended<br>September 30 |          |
|------------------------------|-------------------------------------------|---------|------------------------------------------|----------|
|                              | 2022                                      | 2021    | 2022                                     | 2021     |
|                              |                                           |         |                                          |          |
| OIBDA                        | \$ 98.1                                   | \$ 64.5 | \$ 252.3                                 | \$ 170.6 |
| CEWS                         | —                                         | (0.1)   | —                                        | (12.5)   |
| Adjusted OIBDA               | \$ 98.1                                   | \$ 64.4 | \$ 252.3                                 | \$ 158.1 |

| (unaudited)<br>(\$ millions) | Three month periods ended<br>September 30 |       |       |       | Nine month periods ended<br>September 30 |       |        |       |
|------------------------------|-------------------------------------------|-------|-------|-------|------------------------------------------|-------|--------|-------|
|                              | 2022                                      |       | 2021  |       | 2022                                     |       | 2021   |       |
|                              | \$                                        | %     | \$    | %     | \$                                       | %     | \$     | %     |
| LTL                          | 41.1                                      | 41.9  | 26.9  | 41.8  | 106.6                                    | 42.3  | 68.2   | 43.1  |
| L&W                          | 32.7                                      | 33.3  | 22.7  | 35.2  | 88.7                                     | 35.2  | 60.1   | 38.0  |
| S&I                          | 24.6                                      | 25.1  | 15.6  | 24.2  | 58.4                                     | 23.1  | 37.1   | 23.5  |
| US 3PL                       | 1.5                                       | 1.5   | 2.9   | 4.5   | 4.8                                      | 1.9   | 2.9    | 1.8   |
| Corporate                    | (1.8)                                     | (1.8) | (3.7) | (5.7) | (6.2)                                    | (2.5) | (10.2) | (6.4) |
| Total                        | 98.1                                      | 100.0 | 64.4  | 100.0 | 252.3                                    | 100.0 | 158.1  | 100.0 |

### Adjusted Operating Margin

Adjusted operating margin is a Non-GAAP term and is defined as Adjusted OIBDA divided by revenue. Management relies on adjusted operating margin as a measurement since it provides an indication of our ability to generate an appropriate return without CEWS.

| (unaudited)<br>(\$ millions) | Three month periods ended<br>September 30 |          | Nine month periods ended<br>September 30 |            |
|------------------------------|-------------------------------------------|----------|------------------------------------------|------------|
|                              | 2022                                      | 2021     | 2022                                     | 2021       |
|                              |                                           |          |                                          |            |
| Adjusted OIBDA               | \$ 98.1                                   | \$ 64.4  | \$ 252.3                                 | \$ 158.1   |
| Revenue                      | \$ 518.4                                  | \$ 432.5 | \$ 1,496.8                               | \$ 1,035.5 |
| Adjusted operating margin    | 18.9%                                     | 14.9%    | 16.9%                                    | 15.3%      |



## Operating Margin

Operating margin is a Non-GAAP term 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)<br>(\$ millions) | Three month periods ended<br>September 30 |          | Nine month periods ended<br>September 30 |            |
|------------------------------|-------------------------------------------|----------|------------------------------------------|------------|
|                              | 2022                                      | 2021     | 2022                                     | 2021       |
| OIBDA                        | \$ 98.1                                   | \$ 64.5  | \$ 252.3                                 | \$ 170.6   |
| Revenue                      | \$ 518.4                                  | \$ 432.5 | \$ 1,496.8                               | \$ 1,035.5 |
| Operating margin             | 18.9%                                     | 14.9%    | 16.9%                                    | 16.5%      |

## 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 gain on contingent consideration. Management adjusts net income and earnings per share by excluding these specific factors to more clearly reflect earnings from a operating perspective.

| (unaudited)<br>(\$ millions, except share and per share amounts) | Three month periods ended<br>September 30 |            | Nine month periods ended<br>September 30 |            |
|------------------------------------------------------------------|-------------------------------------------|------------|------------------------------------------|------------|
|                                                                  | 2022                                      | 2021       | 2022                                     | 2021       |
| Income before income taxes                                       | \$ 53.9                                   | 23.7       | \$ 134.3                                 | 68.5       |
| Add (deduct):                                                    |                                           |            |                                          |            |
| Net foreign exchange loss (gain)                                 | 8.4                                       | (0.2)      | 12.9                                     | (1.5)      |
| Change in fair value of investments                              | 0.4                                       | 0.3        | 0.3                                      | (0.8)      |
| Gain on contingent consideration                                 | —                                         | —          | —                                        | (0.2)      |
| Income before income taxes – adjusted                            | 62.7                                      | 23.8       | 147.5                                    | 66.0       |
| Income tax rate                                                  | 25%                                       | 25%        | 25%                                      | 25%        |
| Computed expected income tax expense                             | 15.7                                      | 6.0        | 36.9                                     | 16.5       |
| Net income – adjusted                                            | 47.0                                      | 17.8       | 110.6                                    | 49.5       |
| Weighted average number of Common Shares outstanding – basic     | 92,901,163                                | 95,820,732 | 93,493,945                               | 96,305,976 |
| Earnings per share – adjusted                                    | \$ 0.51                                   | 0.19       | \$ 1.18                                  | 0.51       |

## Net Capital Expenditures

Net capital expenditures are calculated by subtracting the amount of cash received from the sale of property, plant and equipment from the amount of cash used to purchase property, plant and equipment. Management calculates net capital expenditures to evaluate and manage its capital expenditure budget and to assist in allocating capital amongst its Business Units.

| (unaudited)<br>(\$ millions)                      | Three month periods ended<br>September 30 |         | Nine month periods ended<br>September 30 |         |
|---------------------------------------------------|-------------------------------------------|---------|------------------------------------------|---------|
|                                                   | 2022                                      | 2021    | 2022                                     | 2021    |
| Purchase of property, plant and equipment         | \$ 15.9                                   | \$ 12.4 | \$ 49.1                                  | \$ 37.7 |
| Proceeds on sale of property, plant and equipment | (3.7)                                     | (7.9)   | (12.8)                                   | (17.5)  |
| Net capital expenditures                          | \$ 12.2                                   | \$ 4.5  | \$ 36.3                                  | \$ 20.2 |



## Net Debt

Net debt is calculated by subtracting total working capital (current assets less current liabilities) from total debt (long-term debt plus the debt component of lease liabilities and Debentures). Management calculates net debt to monitor its capital structure and makes adjustments to it in light of changes in economic conditions.

| <i>(unaudited)</i><br>(\$ millions)               | September 30, 2022 |         | December 31, 2021 |         |
|---------------------------------------------------|--------------------|---------|-------------------|---------|
| Long-term debt (including bank indebtedness)      | \$                 | 583.9   | \$                | 550.5   |
| Convertible debentures - debt component           |                    | 115.2   |                   | 113.5   |
| Lease liabilities (non-current portion)           |                    | 70.3    |                   | 63.3    |
| Total debt                                        |                    | 769.4   |                   | 727.3   |
| Less working capital:                             |                    |         |                   |         |
| Current assets                                    |                    | 405.6   |                   | 309.1   |
| Current liabilities (excluding bank indebtedness) |                    | (212.3) |                   | (169.3) |
| Total working capital                             |                    | 193.3   |                   | 139.8   |
| Net debt                                          | \$                 | 576.1   | \$                | 587.5   |

## Total Net Debt

The term "*total net debt*" means all debt excluding the Debentures but includes the Private Placement Debt, lease liabilities, the 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. Management calculates total net debt to monitor its capital structure and makes adjustments to it in light of changes in economic conditions.

| <i>(unaudited)</i><br>(\$ millions)               | September 30, 2022 |        |
|---------------------------------------------------|--------------------|--------|
| Private Placement Debt                            | \$                 | 484.4  |
| Lease liabilities (including the current portion) |                    | 90.6   |
| Bank indebtedness                                 |                    | 98.7   |
| Letters of credit                                 |                    | 4.0    |
| Long-term debt (including the current portion)    |                    | 0.8    |
| Total debt                                        |                    | 678.5  |
| Less: unrealized gain on Cross-Currency Swaps     |                    | (48.0) |
| Add: unrealized loss on Cross-Currency Swaps      |                    | —      |
| Total net debt                                    | \$                 | 630.5  |

## 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 and it provides an indication of our ability to generate an appropriate return in the 3PL market.

| <i>(unaudited)</i><br>(\$ millions) | Three month periods ended<br>September 30 |         | Nine month periods ended<br>September 30 |         |
|-------------------------------------|-------------------------------------------|---------|------------------------------------------|---------|
|                                     | 2022                                      | 2021    | 2022                                     | 2021    |
| Revenue                             | \$ 54.7                                   | \$ 57.0 | \$ 169.2                                 | \$ 57.0 |
| Direct operating expenses           | 49.5                                      | 51.7    | 154.2                                    | 51.7    |
| Net Revenue                         | \$ 5.2                                    | \$ 5.3  | \$ 15.0                                  | \$ 5.3  |



## Cash Flow per Share

Cash flow per share is calculated by dividing net cash from operating activities by the weighted average number of Common Shares outstanding. Management measures cash flow per share to provide investors with an indication of the amount of cash being generated on a per share basis, after consideration of working capital and income taxes paid.

| (unaudited)<br>(\$ millions, except share and per share amounts) | Three month periods ended<br>September 30 |            | Nine month periods ended<br>September 30 |            |
|------------------------------------------------------------------|-------------------------------------------|------------|------------------------------------------|------------|
|                                                                  | 2022                                      | 2021       | 2022                                     | 2021       |
| Net cash from operating activities                               | \$ 95.7                                   | \$ 37.3    | \$ 162.5                                 | \$ 132.2   |
| Weighted average number of Common Shares outstanding             | 92,901,163                                | 95,820,732 | 93,493,945                               | 96,305,976 |
| Cash flow per share                                              | \$ 1.03                                   | \$ 0.39    | \$ 1.74                                  | \$ 1.37    |

## Consolidated Direct Operating Expenses – Adjusted for CEWS and HAUListic

Consolidated Direct Operating Expenses – Adjusted for CEWS and HAUListic is calculated by subtracting DOE CEWS and HAUListic's DOE from consolidated DOE. Management uses this calculation to assess DOE as a percentage of revenue as it provides an indication of our ability to generate an appropriate return without CEWS and provides an indication of our ability to generate an appropriate return as compared to the associated risk and the amount of assets employed.

| (unaudited)<br>(\$ millions) | Three month periods ended September 30 |      |        |      |        |         | Nine month periods ended September 30 |      |        |      |         |         |
|------------------------------|----------------------------------------|------|--------|------|--------|---------|---------------------------------------|------|--------|------|---------|---------|
|                              | 2022                                   |      | 2021   |      | Change |         | 2022                                  |      | 2021   |      | Change  |         |
|                              | \$                                     | %    | \$     | %    | \$     | %       | \$                                    | %    | \$     | %    | \$      | %       |
| Company                      | 228.9                                  | 66.3 | 198.2  | 69.5 | 30.7   | 15.5    | 673.0                                 | 68.1 | 490.9  | 68.3 | 182.1   | 27.1    |
| CEWS                         | —                                      | —    | 0.1    | —    | (0.1)  | (100.0) | —                                     | —    | 9.2    | 1.3  | (9.2)   | (100.0) |
| HAUListic                    | (0.2)                                  | —    | (0.1)  | —    | (0.1)  | —       | (0.7)                                 | —    | (0.1)  | —    | (0.6)   | 85.7    |
| Company – adjusted           | 228.7                                  | 66.3 | 198.2  | 69.5 | 30.5   | 15.4    | 672.3                                 | 68.1 | 500.0  | 69.6 | 172.3   | 25.6    |
| Contractors                  | 133.4                                  | 77.7 | 117.1  | 80.6 | 16.3   | 13.9    | 393.2                                 | 78.2 | 241.5  | 77.6 | 151.7   | 38.6    |
| HAUListic                    | (49.3)                                 | —    | (51.6) | —    | 2.3    | (4.5)   | (153.5)                               | —    | (51.6) | —    | (101.9) | 66.4    |
| Contractors – adjusted       | 84.1                                   | 71.9 | 65.5   | 74.3 | 18.6   | 28.4    | 239.7                                 | 71.8 | 189.9  | 74.7 | 49.8    | 20.8    |
| Total – adjusted             | 312.8                                  | 67.5 | 263.7  | 70.2 | 49.1   | 18.6    | 912.0                                 | 68.7 | 689.9  | 70.5 | 222.1   | 24.4    |

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**SEPTEMBER 30, 2022**

**INTERIM FINANCIAL REPORT**

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| <b>(unaudited)<br/>(thousands)</b>        | <b>Note</b> | <b>September 30<br/>2022</b> | <b>December 31<br/>2021</b> |
|-------------------------------------------|-------------|------------------------------|-----------------------------|
| Assets                                    |             |                              |                             |
| Current assets:                           |             |                              |                             |
| Cash and cash equivalents                 |             | \$ 8,726                     | \$ —                        |
| Trade and other receivables               | 6           | 316,307                      | 248,868                     |
| Inventory                                 |             | 42,183                       | 35,121                      |
| Prepaid expenses                          |             | 34,186                       | 19,074                      |
| Current tax receivable                    |             | 4,181                        | 6,046                       |
|                                           |             | 405,583                      | 309,109                     |
| Non-current assets:                       |             |                              |                             |
| Property, plant and equipment             |             | 978,751                      | 985,971                     |
| Right-of-use assets                       |             | 86,415                       | 78,032                      |
| Goodwill                                  |             | 373,041                      | 358,726                     |
| Intangible assets                         |             | 96,492                       | 99,155                      |
| Investments                               |             | 45,084                       | 38,518                      |
| Deferred tax assets                       |             | 6,850                        | 9,630                       |
| Derivative financial instruments          | 7           | 48,043                       | 37,392                      |
| Other assets                              | 8           | 1,983                        | 5,463                       |
|                                           |             | 1,636,659                    | 1,612,887                   |
| Total Assets                              |             | \$ 2,042,242                 | \$ 1,921,996                |
| Liabilities and Equity                    |             |                              |                             |
| Current liabilities:                      |             |                              |                             |
| Bank indebtedness                         | 11          | \$ 98,700                    | \$ 89,045                   |
| Accounts payable and accrued liabilities  |             | 176,146                      | 144,198                     |
| Dividends payable                         | 9           | 5,569                        | 3,781                       |
| Current tax payable                       |             | 10,235                       | 3,338                       |
| Lease liabilities – current portion       |             | 20,266                       | 17,890                      |
| Current portion of long-term debt         | 11          | 57                           | 54                          |
|                                           |             | 310,973                      | 258,306                     |
| Non-current liabilities:                  |             |                              |                             |
| Convertible debentures – debt component   | 11          | 115,219                      | 113,458                     |
| Long-term debt                            | 11          | 485,161                      | 461,505                     |
| Lease liabilities                         |             | 70,304                       | 63,363                      |
| Asset retirement obligations              |             | 1,635                        | 1,616                       |
| Deferred tax liabilities                  |             | 132,013                      | 135,084                     |
|                                           |             | 804,332                      | 775,026                     |
| Equity:                                   |             |                              |                             |
| Share capital                             | 12          | 842,758                      | 853,614                     |
| Convertible debentures – equity component |             | 9,116                        | 9,116                       |
| Contributed surplus                       |             | 19,126                       | 22,578                      |
| Accumulated other comprehensive income    |             | 3,196                        | 1,088                       |
| Retained earnings                         |             | 52,741                       | 2,268                       |
|                                           |             | 926,937                      | 888,664                     |
| Subsequent event                          | 19          |                              |                             |
| Total Liabilities and Equity              |             | \$ 2,042,242                 | \$ 1,921,996                |

The notes which begin on page 42 are an integral part of these condensed interim consolidated financial statements.

Approved by the Board of Directors on October 19, 2022, after review by the Audit Committee.

**"Signed: Murray K. Mullen"**

Murray K. Mullen, Director

**"Signed: Philip J. Scherman"**

Philip J. Scherman, Director



## CONDENSED CONSOLIDATED STATEMENT OF INCOME

| (unaudited)<br>(thousands, except per share amounts)  | Note | Three month periods ended<br>September 30 |            | Nine month periods ended<br>September 30 |              |
|-------------------------------------------------------|------|-------------------------------------------|------------|------------------------------------------|--------------|
|                                                       |      | 2022                                      | 2021       | 2022                                     | 2021         |
| Revenue                                               | 15   | \$ 518,378                                | \$ 432,523 | \$ 1,496,815                             | \$ 1,035,485 |
| Direct operating expenses                             |      | 362,385                                   | 315,370    | 1,066,268                                | 732,408      |
| Selling and administrative expenses                   |      | 57,841                                    | 52,624     | 178,238                                  | 132,494      |
| Operating income before depreciation and amortization |      | 98,152                                    | 64,529     | 252,309                                  | 170,583      |
| Depreciation of property, plant and equipment         |      | 17,825                                    | 18,417     | 52,646                                   | 52,321       |
| Depreciation of right-of-use assets                   |      | 6,297                                     | 5,866      | 17,945                                   | 12,072       |
| Amortization of intangible assets                     |      | 4,330                                     | 9,030      | 13,325                                   | 19,195       |
| Finance costs                                         |      | 9,321                                     | 8,216      | 26,149                                   | 22,405       |
| Net foreign exchange loss (gain)                      | 7    | 8,399                                     | (214)      | 12,913                                   | (1,490)      |
| Other (income) expense                                | 16   | (1,939)                                   | (471)      | (4,932)                                  | (2,361)      |
| Income before income taxes                            |      | 53,919                                    | 23,685     | 134,263                                  | 68,441       |
| Income tax expense                                    | 10   | 15,860                                    | 6,200      | 37,150                                   | 16,287       |
| Net income                                            |      | \$ 38,059                                 | \$ 17,485  | \$ 97,113                                | \$ 52,154    |
| Earnings per share:                                   | 13   |                                           |            |                                          |              |
| Basic                                                 |      | \$ 0.41                                   | \$ 0.18    | \$ 1.04                                  | \$ 0.54      |
| Diluted                                               |      | \$ 0.39                                   | \$ 0.18    | \$ 1.00                                  | \$ 0.54      |
| Weighted average number of Common Shares outstanding: | 13   |                                           |            |                                          |              |
| Basic                                                 |      | 92,901                                    | 95,821     | 93,494                                   | 96,306       |
| Diluted                                               |      | 102,013                                   | 95,916     | 102,533                                  | 96,358       |

The notes which begin on page 42 are an integral part of these condensed interim consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| (unaudited)<br>(thousands)                                         | Three month periods ended<br>September 30 |           | Nine month periods ended<br>September 30 |           |
|--------------------------------------------------------------------|-------------------------------------------|-----------|------------------------------------------|-----------|
|                                                                    | 2022                                      | 2021      | 2022                                     | 2021      |
| Net income                                                         | \$ 38,059                                 | \$ 17,485 | \$ 97,113                                | \$ 52,154 |
| Other comprehensive income                                         |                                           |           |                                          |           |
| Items that may be reclassified subsequently to statement of income |                                           |           |                                          |           |
| Exchange differences from translating foreign operations           | 1,675                                     | 1,347     | 2,108                                    | 1,347     |
| Other comprehensive income, net of tax                             | 1,675                                     | 1,347     | 2,108                                    | 1,347     |
| Total comprehensive income                                         | \$ 39,734                                 | \$ 18,832 | \$ 99,221                                | \$ 53,501 |

The notes which begin on page 42 are an integral part of these condensed interim consolidated financial statements.



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| <i>(unaudited)</i><br><i>(thousands)</i>  | Note | Share<br>capital | Convertible<br>debentures<br>– equity<br>component | Contributed<br>surplus | Accumulated<br>Other<br>Comprehensive<br>Income | Retained<br>earnings | Total      |
|-------------------------------------------|------|------------------|----------------------------------------------------|------------------------|-------------------------------------------------|----------------------|------------|
| Balance at January 1, 2022                |      | \$ 853,614       | \$ 9,116                                           | \$ 22,578              | \$ 1,088                                        | \$ 2,268             | \$ 888,664 |
| Net income for the period                 |      | —                | —                                                  | —                      | —                                               | 97,113               | 97,113     |
| Other comprehensive income, net of tax    |      | —                | —                                                  | —                      | 2,108                                           | —                    | 2,108      |
| Common Shares repurchased                 | 12   | (10,856)         | —                                                  | (4,002)                | —                                               | —                    | (14,858)   |
| Stock-based compensation expense          |      | —                | —                                                  | 550                    | —                                               | —                    | 550        |
| Dividends declared to common shareholders | 9    | —                | —                                                  | —                      | —                                               | (46,640)             | (46,640)   |
| Balance at September 30, 2022             |      | \$ 842,758       | \$ 9,116                                           | \$ 19,126              | \$ 3,196                                        | \$ 52,741            | \$ 926,937 |

| <i>(unaudited)</i><br><i>(thousands)</i>  | Note | Share<br>capital | Convertible<br>debentures<br>– equity<br>component | Contributed<br>surplus | Accumulated<br>Other<br>Comprehensive<br>Income | Deficit     | Total      |
|-------------------------------------------|------|------------------|----------------------------------------------------|------------------------|-------------------------------------------------|-------------|------------|
| Balance at January 1, 2021                |      | \$ 874,888       | \$ 9,116                                           | \$ 36,577              | \$ —                                            | \$ (24,163) | \$ 896,418 |
| Net income for the period                 |      | —                | —                                                  | —                      | —                                               | 52,154      | 52,154     |
| Other comprehensive income, net of tax    |      | —                | —                                                  | —                      | 1,347                                           | —           | 1,347      |
| Common Shares repurchased                 | 12   | (22,167)         | —                                                  | (9,339)                | —                                               | —           | (31,506)   |
| Common Shares issued on acquisition       |      | 9,413            | —                                                  | —                      | —                                               | —           | 9,413      |
| Stock-based compensation expense          |      | —                | —                                                  | 258                    | —                                               | —           | 258        |
| Dividends declared to common shareholders | 9    | —                | —                                                  | —                      | —                                               | (34,606)    | (34,606)   |
| Balance at September 30, 2021             |      | \$ 862,134       | \$ 9,116                                           | \$ 27,496              | \$ 1,347                                        | \$ (6,615)  | \$ 893,478 |

The notes which begin on page 42 are an integral part of these condensed interim consolidated financial statements.



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| (unaudited)<br>(thousands)                                                 | Note | Nine month periods ended September 30 |           |
|----------------------------------------------------------------------------|------|---------------------------------------|-----------|
|                                                                            |      | 2022                                  | 2021      |
| Cash provided by (used in):                                                |      |                                       |           |
| <b>Cash flows from operating activities:</b>                               |      |                                       |           |
| Net income                                                                 |      | \$ 97,113                             | \$ 52,154 |
| Adjustments for:                                                           |      |                                       |           |
| Depreciation and amortization                                              |      | 83,916                                | 83,588    |
| Finance costs                                                              |      | 26,149                                | 22,405    |
| Stock-based compensation expense                                           |      | 550                                   | 258       |
| Foreign exchange (gain) loss on cross-currency swaps                       | 7    | (10,651)                              | (1,696)   |
| Foreign exchange loss (gain)                                               |      | 24,442                                | 1,588     |
| Other (income) expense                                                     | 16   | (4,932)                               | (2,361)   |
| Income tax expense                                                         | 10   | 37,150                                | 16,287    |
| Cash flows from operating activities before non-cash working capital items |      | 253,737                               | 172,223   |
| Changes in non-cash working capital items from operating activities        | 17   | (60,045)                              | (13,586)  |
| Cash generated from operating activities                                   |      | 193,692                               | 158,637   |
| Income tax paid                                                            |      | (31,152)                              | (26,520)  |
| Net cash from operating activities                                         |      | 162,540                               | 132,117   |
| <b>Cash flows from financing activities:</b>                               |      |                                       |           |
| Bank indebtedness                                                          | 11   | 9,655                                 | 85,241    |
| Repurchase of Common Shares                                                | 12   | (20,858)                              | (29,356)  |
| Cash dividends paid to common shareholders                                 |      | (44,852)                              | (33,699)  |
| Interest paid                                                              |      | (17,783)                              | (14,513)  |
| Repayment of long-term debt and loans                                      | 5    | (8,482)                               | (38)      |
| Repayment of lease liabilities                                             |      | (16,966)                              | (11,973)  |
| Changes in non-cash working capital items from financing activities        | 17   | 1,001                                 | 612       |
| Net cash used in financing activities                                      |      | (98,285)                              | (3,726)   |
| <b>Cash flows from investing activities:</b>                               |      |                                       |           |
| Acquisitions net of cash acquired                                          | 5    | (21,434)                              | (198,319) |
| Purchase of property, plant and equipment                                  |      | (49,093)                              | (37,706)  |
| Proceeds on sale of property, plant and equipment                          |      | 12,775                                | 17,491    |
| Net investment in finance leases                                           |      | 194                                   | 867       |
| Interest received                                                          |      | 265                                   | 348       |
| Other assets                                                               |      | 3,457                                 | (10,147)  |
| Dividends from equity investees                                            |      | 325                                   | 99        |
| Changes in non-cash working capital items from investing activities        | 17   | 539                                   | 1,296     |
| Net cash used in investing activities                                      |      | (52,972)                              | (226,071) |
| Change in cash and cash equivalents                                        |      | 11,283                                | (97,680)  |
| Cash and cash equivalents at January 1                                     |      | —                                     | 105,340   |
| Effect of exchange rate fluctuations on cash held                          |      | (2,557)                               | (1,439)   |
| Cash and cash equivalents at September 30                                  |      | \$ 8,726                              | \$ 6,221  |

The notes which begin on page 42 are an integral part of these condensed interim consolidated financial statements.



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Three and nine month periods ended September 30, 2022 and 2021 (unaudited)  
(Tabular amounts in thousands, except share and per share amounts)

## 1. Reporting Entity

Mullen Group Ltd. ("**Mullen Group**" and/or the "**Corporation**") was incorporated pursuant to the laws of the Province of Alberta and is a publicly-traded company listed on the Toronto Stock Exchange ("**TSX**") under the symbol 'MTL'. The Corporation maintains its registered office in Okotoks, Alberta, Canada. The business of Mullen Group is operated through wholly-owned (either directly or indirectly) subsidiaries and limited partnerships ("**Business Units**"). The Corporation is recognized as one of the leading suppliers of trucking and logistics services in Canada providing a wide range of service offerings including less-than-truckload, truckload, warehousing, logistics, transload, oversized and specialized hauling transportation. The Corporation also operates as a third-party logistics provider in the U.S. In addition, Mullen Group provides 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. These unaudited condensed interim consolidated financial statements ("**Interim Financial Statements**") include the accounts of the Corporation, its subsidiaries and its limited partnerships.

## 2. Basis of Presentation

### (a) Statement of Compliance

These Interim Financial Statements have been prepared in accordance to and comply with International Financial Reporting Standards ("**IFRS**"), which include the International Accounting Standards ("**IAS**") and the interpretations developed by the International Financial Reporting Interpretations Committee ("**IFRIC**"), as issued by the International Accounting Standards Board ("**IASB**"). These Interim Financial Statements comply with IAS 34 Interim Financial Reporting and do not include all of the information required for annual financial statements.

### (b) Basis of Measurement

These Interim Financial Statements have been prepared on the historical cost basis except for investments (excluding investments accounted for by the equity method), and derivative financial instruments ("**Derivatives**"), which are measured at fair value through profit or loss.

### (c) Functional and Presentation Currency

These Interim Financial Statements are presented in Canadian dollars, which is the functional currency of the Corporation. All financial information presented in Canadian dollars has been rounded to the nearest thousand except for per share amounts.

## 3. Significant Accounting Policies

The accompanying Interim Financial Statements should be read in conjunction with Note 3 to Mullen Group's audited annual consolidated financial statements for the year ended December 31, 2021, (the "**Annual Financial Statements**") as the accounting policies applied by the Corporation in these Interim Financial Statements are the same as those disclosed therein.

## 4. Determination of Fair Values

The following table compares the fair value of certain financial assets and financial liabilities to its corresponding carrying amount as presented in the condensed consolidated statement of financial position.

| September 30, 2022<br>Financial Instrument                                   | Fair Value<br>Hierarchy | Carrying<br>Amount | Fair<br>Value |
|------------------------------------------------------------------------------|-------------------------|--------------------|---------------|
| Investments (excluding investments accounted for by using the equity method) | Level 1                 | \$ 2,143           | \$ 2,143      |
| Derivative Financial Instruments <sup>(1)</sup>                              | Level 2                 | \$ 48,043          | \$ 48,043     |
| Private Placement Debt                                                       | Level 2                 | \$ 484,361         | \$ 417,452    |
| Convertible Debentures – debt component                                      | Level 2                 | \$ 115,219         | \$ 113,159    |

<sup>(1)</sup> The fair value of the Derivative Financial Instruments is determined using Level 2 of the fair value hierarchy. Level 2 fair values are determined by referencing observable market data, including future foreign currency curves, interest rates, credit spreads and other financial measures.



## 5. Acquisitions

### 2022 Acquisitions

Willy's Trucking Service – On May 1, 2022, Mullen Group acquired all of the issued and outstanding shares of 1297683 Alberta Ltd., which operates as Willy's Trucking Service ("Willy's") for total cash consideration of \$18.9 million, including three owned facilities. Mullen Group recognized \$17.8 million of cash used to acquire Willy's on its condensed consolidated statement of cash flows, which consists of \$18.9 million of cash consideration paid on closing net of \$1.1 million of cash acquired. Mullen Group also repaid \$8.4 million of long-term debt and shareholder loans on the closing date. Willy's is a privately held company headquartered in Edmonton, Alberta and provides regional LTL, general freight and logistic services across northern Alberta and northeastern British Columbia. Mullen Group acquired Willy's as part of its strategy to invest in the transportation sector by acquiring companies that have a strong regional presence. The financial results of Willy's are included within the Less-Than-Truckload segment.

Monarch Messenger Services Ltd. – Effective January 1, 2022, Mullen Group acquired the assets and business of Monarch Messenger Services Ltd. ("Monarch") for total cash consideration of \$3.7 million. Monarch is a privately held company headquartered in Calgary, Alberta and provides courier and small package delivery transportation services as well as ambient temperature controlled freight in Alberta. The acquisition of the assets and business of Monarch aligns with Mullen Group's strategy of acquiring transportation and logistics companies that have a strong regional presence. The financial results of Monarch were integrated into DirectIT Group of Companies which is included within the Less-Than-Truckload segment and Canada Transport Ltd., which is included within the Logistics & Warehousing segment.

These acquisitions have been accounted for by the acquisition method, and results of operations have been included in these Interim Financial Statements from the date of acquisition. The goodwill acquired in these acquisitions primarily relates to the assembled workforce and the synergies from the integration of the acquired businesses.

|                                             | Willy's   | Monarch  | Total     |
|---------------------------------------------|-----------|----------|-----------|
| Assets:                                     |           |          |           |
| Non-cash working capital items              | \$ (809)  | \$ —     | \$ (809)  |
| Property, plant and equipment               | 8,921     | 1,994    | 10,915    |
| Right-of-use assets                         | 2,122     | —        | 2,122     |
| Intangible assets                           | 8,970     | 460      | 9,430     |
| Goodwill                                    | 10,686    | 1,235    | 11,921    |
|                                             | 29,890    | 3,689    | 33,579    |
| Assumed liabilities:                        |           |          |           |
| Lease liabilities (long-term portion)       | 1,250     | —        | 1,250     |
| Deferred income taxes                       | 2,456     | —        | 2,456     |
| Due to shareholder                          | 3,400     | —        | 3,400     |
| Long-term debt                              | 5,039     | —        | 5,039     |
|                                             | 12,145    | —        | 12,145    |
| Net assets before cash and cash equivalents | 17,745    | 3,689    | 21,434    |
| Cash and cash equivalents acquired          | 1,118     | —        | 1,118     |
| Net assets                                  | 18,863    | 3,689    | 22,552    |
| Consideration:                              |           |          |           |
| Cash                                        | 18,863    | 3,689    | 22,552    |
|                                             | \$ 18,863 | \$ 3,689 | \$ 22,552 |

Due to the limited time between the closing of these acquisitions and the preparation of these Interim Financial Statements, the value of the assets acquired and the liabilities assumed are based upon preliminary financial information available to management as of the date of this report and are subject to change.

## 6. Trade and Other Receivables

|                                  | September 30<br>2022 | December 31<br>2021 |
|----------------------------------|----------------------|---------------------|
| Trade receivables                | \$ 277,717           | \$ 214,480          |
| Other receivables                | 34,847               | 31,741              |
| Net investment in finance leases | 301                  | 364                 |
| Contract assets                  | 3,442                | 2,283               |
|                                  | \$ 316,307           | \$ 248,868          |



## 7. Derivative Financial Instruments

On July 25, 2014, Mullen Group entered into two cross-currency swap contracts with a Canadian bank to swap \$117.0 million U.S. dollars and \$112.0 million U.S. dollars into Canadian dollars (collectively, the "Cross-Currency Swaps") at foreign exchange rates of \$1.1047 and \$1.1148 that mature on October 22, 2024 and October 22, 2026, respectively. These Cross-Currency Swaps provide an economic hedge on the principal amount of the Series G and Series H Notes.

For the nine month period ended September 30, 2022, Mullen Group has recorded a net foreign exchange loss (gain) of \$12.9 million (2021 – \$(1.5) million). This was due to the impact of the change over the period in the value of the Canadian dollar relative to the U.S. dollar on the Corporation's U.S. dollar debt and from the change in the fair value of its Cross-Currency Swaps as summarized in the table below:

| Net Foreign Exchange Loss (Gain)                     | Nine month periods ended September 30 |          |      |         |
|------------------------------------------------------|---------------------------------------|----------|------|---------|
|                                                      | CDN. \$ Equivalent                    |          |      |         |
|                                                      | 2022                                  |          | 2021 |         |
| Foreign exchange loss (gain) on U.S. \$ debt         | \$                                    | 23,564   | \$   | 206     |
| Foreign exchange (gain) loss on Cross-Currency Swaps |                                       | (10,651) |      | (1,696) |
| Net foreign exchange loss (gain)                     | \$                                    | 12,913   | \$   | (1,490) |

For the nine month period ended September 30, 2022, Mullen Group recorded a foreign exchange loss on U.S. dollar debt of \$23.6 million (2021 – \$0.2 million) as summarized in the table below:

| Foreign Exchange Loss (Gain) on U.S. \$ Debt | Nine month periods ended September 30 |               |                    |              |               |                    |
|----------------------------------------------|---------------------------------------|---------------|--------------------|--------------|---------------|--------------------|
|                                              | 2022                                  |               |                    | 2021         |               |                    |
|                                              | U.S. \$ Debt                          | Exchange Rate | CDN. \$ Equivalent | U.S. \$ Debt | Exchange Rate | CDN. \$ Equivalent |
| (\$ thousands, except exchange rate amounts) |                                       |               |                    |              |               |                    |
| Ending – September 30                        | 229,000                               | 1.3707        | 313,890            | 229,000      | 1.2741        | 291,769            |
| Beginning – January 1                        | 229,000                               | 1.2678        | 290,326            | 229,000      | 1.2732        | 291,563            |
| Foreign exchange loss (gain) on U.S. \$ debt |                                       |               | 23,564             |              |               | 206                |

For the nine month period ended September 30, 2022, Mullen Group recorded a foreign exchange gain on its Cross-Currency Swaps of \$10.7 million (2021 – \$1.7 million). This was due to the change over the period in the fair value of these Cross-Currency Swaps as summarized in the table below:

| Foreign Exchange (Gain) Loss on Cross-Currency Swaps | Nine month periods ended September 30 |                                       |               |                                       |
|------------------------------------------------------|---------------------------------------|---------------------------------------|---------------|---------------------------------------|
|                                                      | 2022                                  |                                       | 2021          |                                       |
|                                                      | U.S. \$ Swaps                         | CDN. \$ Change in Fair Value of Swaps | U.S. \$ Swaps | CDN. \$ Change in Fair Value of Swaps |
| Cross-Currency Swap maturing October 22, 2024        | 117,000                               | (6,869)                               | 117,000       | (855)                                 |
| Cross-Currency Swap maturing October 22, 2026        | 112,000                               | (3,782)                               | 112,000       | (841)                                 |
| Foreign exchange (gain) loss on Cross-Currency Swaps |                                       | (10,651)                              |               | (1,696)                               |

## 8. Other Assets

|                                                 | September 30 |       | December 31 |       |
|-------------------------------------------------|--------------|-------|-------------|-------|
|                                                 | 2022         |       | 2021        |       |
| Promissory notes                                | \$           | 65    | \$          | 651   |
| Net investment in finance leases <sup>(1)</sup> |              | 66    |             | 89    |
| Deposit on acquisition <sup>(2)</sup>           |              | —     |             | 3,406 |
| Other                                           |              | 1,852 |             | 1,317 |
|                                                 | \$           | 1,983 | \$          | 5,463 |

<sup>(1)</sup> Net investment in finance leases includes amounts owing after 12 months and mainly consists of the net investment in subleases on real property where the Business Unit has entered into the head lease.

<sup>(2)</sup> Deposit on acquisition in 2021 consisted of amounts funded to close the January 1, 2022 acquisition of Monarch. ► For more information, refer to Note 5.

## 9. Dividends Payable

For the nine month period ended September 30, 2022, Mullen Group declared dividends totalling \$0.50 per Common Share (2021 – \$0.36 per Common Share). On December 8, 2021, Mullen Group announced its intention to pay annual dividends of \$0.60 per Common Share (\$0.05 per Common Share on a monthly basis) for 2022. On May 3, 2022, Mullen Group announced an increase to the monthly dividend from \$0.05 to \$0.06 per Common Share effective as of the next regular dividend payment, which was payable on June 15, 2022. At September 30, 2022, Mullen Group had 92,819,832



Common Shares outstanding and a dividend payable of \$5.6 million (December 31, 2021 – \$3.8 million), which was paid on October 17, 2022. Mullen Group also declared a dividend of \$0.06 per Common Share on October 18, 2022, to the holders of record at the close of business on October 31, 2022.

# 10. Income Taxes

The following table provides a reconciliation of the effective tax rates based on the applicable tax rates in various provincial jurisdictions during the period.

|                                                                             | Three month periods ended<br>September 30 |           | Nine month periods ended<br>September 30 |           |
|-----------------------------------------------------------------------------|-------------------------------------------|-----------|------------------------------------------|-----------|
|                                                                             | 2022                                      | 2021      | 2022                                     | 2021      |
| Income before income taxes                                                  | \$ 53,919                                 | \$ 23,685 | \$ 134,263                               | \$ 68,441 |
| Combined statutory tax rate                                                 | 25%                                       | 25%       | 25%                                      | 25%       |
| Expected income tax                                                         | 13,480                                    | 5,921     | 33,566                                   | 17,110    |
| Add (deduct):                                                               |                                           |           |                                          |           |
| Non-deductible (taxable) portion of net foreign exchange loss (gain)        | 966                                       | (24)      | 1,485                                    | (171)     |
| Non-deductible (taxable) portion of the change in fair value of investments | 40                                        | 32        | 27                                       | (91)      |
| Stock-based compensation expense                                            | 51                                        | 22        | 127                                      | 59        |
| Changes in unrecognized deferred tax asset                                  | 966                                       | (156)     | 1,485                                    | (1,092)   |
| Other                                                                       | 357                                       | 405       | 460                                      | 472       |
| Income tax expense                                                          | \$ 15,860                                 | \$ 6,200  | \$ 37,150                                | \$ 16,287 |

# 11. Long-Term Debt, Credit Facilities and Convertible Unsecured Subordinated Debentures

Mullen Group has two unsecured credit facilities to borrow an aggregate of up to \$250.0 million with its \$150.0 million unsecured credit facility with the Royal Bank of Canada (the "**RBC Credit Facility**") and its \$100.0 million unsecured credit facility with the Canadian Imperial Bank of Commerce (the "**CIBC Credit Facility**"). Interest on the RBC Credit Facility is payable monthly and is based on either the bank prime rate plus 0.50 percent or bankers' acceptance rates plus an acceptance fee of 1.50 percent. Interest on the CIBC Credit Facility is based on either the Canadian bank prime rate plus 0.50 percent or the U.S. bank base rate plus 0.50 percent, in each case payable in arrears or bankers' acceptance rates plus an acceptance fee of 1.50 percent payable upon acceptance. As at September 30, 2022, there was \$98.7 million drawn on the CIBC Credit Facility and the RBC Credit Facility (collectively, the "**Credit Facilities**"), which was included within bank indebtedness on the condensed consolidated statement of financial position. These Credit Facilities are unsecured although the Corporation's wholly-owned subsidiary, MT Investments Inc. ("**MT**"), has granted an unlimited guarantee of any indebtedness owing on the Credit Facilities. These Credit Facilities do not have any financial covenants, however, Mullen Group cannot be in default of its Private Placement Debt and it must be in compliance with certain reporting and general covenants. Mullen Group is in compliance with all of these reporting and general covenants.

Mullen Group has \$4.0 million of letters of credit outstanding, which were issued to guarantee certain performance and payment obligations. These letters of credit reduce the amount available under the RBC Credit Facility.

Mullen Group's long-term debt is mainly comprised of a series of unsecured debt (collectively, the "**Private Placement Debt**"), the details of which are set forth below:

| Notes    | Principal amount | Maturity         | Interest Rate <sup>(1)</sup> |
|----------|------------------|------------------|------------------------------|
| Series G | \$ 117,000 U.S.  | October 22, 2024 | 3.84%                        |
| Series H | \$ 112,000 U.S.  | October 22, 2026 | 3.94%                        |
| Series I | \$ 30,000 CDN.   | October 22, 2024 | 3.88%                        |
| Series J | \$ 3,000 CDN.    | October 22, 2026 | 4.00%                        |
| Series K | \$ 58,000 CDN.   | October 22, 2024 | 3.95%                        |
| Series L | \$ 80,000 CDN.   | October 22, 2026 | 4.07%                        |

<sup>(1)</sup> Interest is payable semi-annually.

Mullen Group's unamortized debt issuance costs of \$0.5 million related to its Private Placement Debt have been netted against its carrying value at September 30, 2022 (December 31, 2021 – \$0.7 million). Mullen Group has certain financial covenants that must be met under its unsecured Private Placement Debt, which include a total net debt to operating cash flow ratio and a total earnings available for fixed charges to total fixed charges ratio. Mullen Group's total net debt cannot exceed 3.5 times operating cash flow calculated using the trailing twelve months financial results normalized for acquisitions. The term "**total net debt**" is defined in the Private Placement Debt agreement as all debt excluding the Debentures 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 but includes Private Placement Debt, lease liabilities, the Credit Facilities and letters of credit. The term "**operating**



**cash flow**" is also defined in the Private Placement Debt agreement and means, for any quarterly period, the trailing twelve month consolidated net income adjusted for all amounts deducted in the computation thereof on account of (i) taxes imposed on or measured by income or excess profits, (ii) depreciation and amortization taken during such period, (iii) total interest charges, including interest on the Debentures and lease liabilities; and (iv) non-cash charges. Mullen Group cannot have a fixed charge coverage ratio less than 1.75:1 calculated using the trailing twelve months financial results. Mullen Group is in compliance with all the Private Placement Debt financial covenants.

Mullen Group entered into Cross-Currency Swaps to swap the Series G and Series H Notes into Canadian dollars at foreign exchange rates of \$1.1047 and \$1.1148 that mature on October 22, 2024 and October 22, 2026, respectively. ► For more information, refer to Note 7.

The following table summarizes the Corporation's total debt:

|                                     | September 30, 2022 | December 31, 2021 |
|-------------------------------------|--------------------|-------------------|
| Current liabilities:                |                    |                   |
| Private Placement Debt              | \$ —               | \$ —              |
| Lease liabilities – current portion | 20,266             | 17,890            |
| Current portion of long-term debt   | 57                 | 54                |
| Bank indebtedness                   | 98,700             | 89,045            |
|                                     | 119,023            | 106,989           |
| Non-current liabilities:            |                    |                   |
| Private Placement Debt              | 484,361            | 460,660           |
| Lease liabilities                   | 70,304             | 63,363            |
| Long-term debt                      | 800                | 845               |
|                                     | 555,465            | 524,868           |
|                                     | \$ 674,488         | \$ 631,857        |

The details of total debt, as at the date hereof, are as follows:

|                         | Year of Maturity | Interest Rate | September 30, 2022 |                 | December 31, 2021 |                 |
|-------------------------|------------------|---------------|--------------------|-----------------|-------------------|-----------------|
|                         |                  |               | Face Value         | Carrying Amount | Face Value        | Carrying Amount |
|                         |                  |               | \$                 | \$              | \$                | \$              |
| Bank indebtedness       | —                | Variable      | 98,700             | 98,700          | 89,045            | 89,045          |
| Lease liabilities       | 2022 – 2028      | 3.20%         | 106,038            | 90,570          | 94,147            | 81,253          |
| Private Placement Debt  | 2024 – 2026      | 3.84% - 4.07% | 484,890            | 484,361         | 461,326           | 460,660         |
| Various financing loans | 2024             | 3.31%         | 857                | 857             | 899               | 899             |
|                         |                  |               | 690,485            | 674,488         | 645,417           | 631,857         |

In addition, Mullen Group has an aggregate principal amount of \$125.0 million of convertible unsecured subordinated debentures (the "**Debentures**"). The Debentures mature on November 30, 2026 and are publicly listed on the TSX under 'MTL.DB'. The Debentures bear interest at a rate of 5.75 percent per annum, payable semi-annually in arrears on May 31 and November 30 of each year. The carrying amount of the debt component of the Debentures at September 30, 2022, was \$115.2 million (December 31, 2021 – \$113.5 million).

## 12. Share Capital

The authorized share capital of Mullen Group consists of an unlimited number of no par value Common Shares and an unlimited number of Preferred Shares, issuable in series.

The number of, and the specific rights, privileges, restrictions and conditions attaching to any series of Preferred Shares shall be determined by the Board of Directors (the "**Board**") of Mullen Group prior to the creation and issuance thereof. With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of Mullen Group, whether voluntarily or involuntarily, the Preferred Shares are entitled to preference over the Common Shares and any other shares ranking junior to the Preferred Shares from time to time and may also be given such other preferences over the Common Shares and any other shares ranking junior to the Preferred Shares as may be determined at the time of creation of such series. As at the date hereof, no series of Preferred Shares had been created.



All of the issued Common Shares of Mullen Group have been paid in full.

|                                         | # of Common Shares |             |
|-----------------------------------------|--------------------|-------------|
|                                         | 2022               | 2021        |
| Issued Common Shares at January 1       | 94,532,178         | 96,852,047  |
| Common Shares repurchased and cancelled | (1,712,346)        | (2,267,248) |
| Common Shares issued on acquisition     | —                  | 750,000     |
| Issued Common Shares at September 30    | 92,819,832         | 95,334,799  |

Mullen Group had a normal course issuer bid ("NCIB"), commencing March 9, 2021, to purchase for cancellation up to 7,928,623 Common Shares in the open market on or before March 8, 2022. On March 7, 2022, Mullen Group commenced the renewal of its NCIB commencing March 10, 2022, to purchase for cancellation up to 8,828,623 Common Shares in the open market on or before March 9, 2023. For the nine month period ending September 30, 2022, Mullen Group had purchased and cancelled 1,712,346 Common Shares for \$20.9 million under its NCIB programs. Mullen Group has also repurchased 12,995 Common Shares that are scheduled to be cancelled in October 2022.

All purchases were made in accordance with the NCIB at prevalent market prices as permitted by the Toronto Stock Exchange, with consideration allocated to share capital up to the average carrying amount of the shares and any excess allocated to contributed surplus. The NCIB can be cancelled at the discretion of the Corporation at any time.

### 13. Earnings per Share

#### (a) Basic Earnings per Share

Basic earnings per share is calculated as net income attributable to common shareholders divided by the weighted average number of Common Shares outstanding for the period. Net income attributable to common shareholders for the three and nine month periods ended September 30, 2022, were \$38.0 million and \$97.1 million (2021 – \$17.5 million and \$52.2 million), respectively. The weighted average number of Common Shares outstanding for the three and nine month periods ended September 30, 2022 and 2021 was calculated as follows:

|                                                                   | Note | Three month periods ended<br>September 30 |            | Nine month periods ended<br>September 30 |            |
|-------------------------------------------------------------------|------|-------------------------------------------|------------|------------------------------------------|------------|
|                                                                   |      | 2022                                      | 2021       | 2022                                     | 2021       |
| Issued Common Shares at beginning of period                       | 12   | 93,025,932                                | 96,207,095 | 94,532,178                               | 96,852,047 |
| Effect of Common Shares repurchased and cancelled                 | 12   | (124,769)                                 | (386,363)  | (1,038,233)                              | (818,049)  |
| Effect of Common Shares issued on acquisition                     |      | —                                         | —          | —                                        | 271,978    |
| Weighted average number of Common Shares at end of period – basic |      | 92,901,163                                | 95,820,732 | 93,493,945                               | 96,305,976 |

#### (b) Diluted Earnings per Share

Diluted earnings per share is calculated by adjusting net income attributable to common shareholders and the basic weighted average number of Common Shares outstanding by the effects of all potentially dilutive transactions to existing common shareholders. In calculating diluted earnings per share, net income was adjusted as follows:

|                          |    | Three month periods ended<br>September 30 |           | Nine month periods ended<br>September 30 |           |
|--------------------------|----|-------------------------------------------|-----------|------------------------------------------|-----------|
|                          |    | 2022                                      | 2021      | 2022                                     | 2021      |
| Net income               | \$ | 38,059                                    | \$ 17,485 | \$ 97,113                                | \$ 52,154 |
| Effect of the Debentures |    | 1,788                                     | —         | 5,363                                    | —         |
| Net income – adjusted    | \$ | 39,847                                    | \$ 17,485 | \$ 102,476                               | \$ 52,154 |



The diluted weighted average number of Common Shares was calculated as follows:

|                                                                     | Three month periods ended<br>September 30 |            | Nine month periods ended<br>September 30 |            |
|---------------------------------------------------------------------|-------------------------------------------|------------|------------------------------------------|------------|
|                                                                     | 2022                                      | 2021       | 2022                                     | 2021       |
| Weighted average number of Common Shares – basic                    | 92,901,163                                | 95,820,732 | 93,493,945                               | 96,305,976 |
| Effect of "in the money" stock options                              | 183,084                                   | 95,574     | 110,465                                  | 51,756     |
| Effect of the Debentures                                            | 8,928,575                                 | —          | 8,928,575                                | —          |
| Weighted average number of Common Shares at end of period – diluted | 102,012,822                               | 95,916,306 | 102,532,985                              | 96,357,732 |

For the three and nine month periods ended September 30, 2022, 2,765,000 and 3,140,000 stock options were excluded from the diluted weighted average number of Common Shares calculation as their effect would have been anti-dilutive, respectively. For the three and nine month periods ended September 30, 2021, 2,680,000 stock options were excluded from the diluted weighted average number of Common Shares calculation as their effect would have been anti-dilutive. The average market value of the Corporation's Common Shares for the purposes of calculating the dilutive effect of stock options was based on quoted market prices for the periods ended September 30, 2022 and 2021. For the three and nine month periods ended September 30, 2022, the Common Shares that would be issued upon conversion of the Debentures were included in the diluted weighted average calculation as their effect was dilutive. For the three and nine month periods ended September 30, 2021, the Common Shares that would be issued upon the conversion of the Debentures were excluded from the diluted weighted average calculation as their effect would have been anti-dilutive.

#### 14. Seasonality of Operations

Revenue and profitability within the Less-Than-Truckload segment and the Logistics & Warehousing segment are generally lower in the first quarter than during the remainder of the year as freight volumes are typically lower in the first quarter following the holiday season due to less consumer demand and customers reducing shipments. Operating expenses also tend to increase within these segments in the winter months due to decreased fuel efficiency and increased repairs and maintenance expense resulting from cold weather conditions. The COVID-19 pandemic has had an impact on this typical pattern.

A significant portion of the operations within the Specialized & Industrial Services segment is comprised of a wide range of unique businesses providing specialized equipment and services to the oil and natural gas, environmental, construction, pipeline, utility, telecom and civil industries. Earnings are influenced by the seasonal activity pattern of western Canada's oil and natural gas exploration industry whereby activity usually peaks in the winter months and declines during the spring when wet weather and the spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of heavy equipment, thereby reducing activity levels. Additionally, certain oil and natural gas producing areas are only accessible in the winter months because the ground surrounding the drilling sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in the activity levels of exploration and production companies and corresponding declines in the demand for the goods and services provided by Mullen Group. As a result, the demand for these services is traditionally highest in the first quarter and lowest in the second quarter.

#### 15. Revenue

The business of Mullen Group is operated through its Business Units, which are divided into four distinct operating segments for reporting purposes – Less-Than-Truckload, Logistics & Warehousing, Specialized & Industrial Services and U.S. & International Logistics. The segments are differentiated by the type of service provided, equipment requirements and customer needs. Mullen Group provides the capital and financial expertise, technology and systems support, shared services and strategic planning (the "Corporate Office") for the Business Units. The Corporate Office also invests in certain public and private corporations. In addition, the Corporate Office, through its subsidiary MT, owns a network of real estate holdings and facilities that are leased primarily to the Business Units. Such properties are leased by MT to the Business Units on commercially reasonable terms. The day to day management of the Business Units is conducted at the subsidiary level.

At September 30, 2022, the Less-Than-Truckload segment consisted of 11 Business Units and is often referred to as the final or last mile delivery of general freight consisting of smaller shipments, packages and parcels. Through an extensive terminal network the pickup, handling and delivery of a wide range of freight including ambient, temperature controlled and consumer goods is coordinated from regional hubs located in Ontario and western Canada. We are committed to investing in the most advanced technologies available ensuring the continued improvement in all aspects of our business, shortening delivery times and providing customers with visibility, via tracking and tracing, to their shipments during transit.

At September 30, 2022, the Logistics & Warehousing segment consisted of 12 Business Units and provides shippers throughout North America with a wide range of trucking and logistics service offerings including full truckload, specialized transportation, warehousing, fulfillment centres that handle e-commerce transactions, and transload facilities designed for intermodal and bulk shipments. Operations and customer service are supported by a robust suite of leading edge technology solutions including a fully integrated transportation management system, customized inventory management and warehouse systems along with our proprietary Moveitonline® and Haulistic™ technology platforms, applications that are positioning our organization for an evolving and changing supply chain.

At September 30, 2022, the Specialized & Industrial Services segment consisted of 14 Business Units and is comprised of a wide range of unique businesses providing specialized equipment and services to the oil and natural gas, environmental, construction, pipeline, utility, telecom and civil



industries. Strategically located throughout western Canada, these specialty Business Units are focused on providing advanced technology solutions and leading edge service capabilities.

At September 30, 2022, the U.S. & International Logistics segment consisted of one Business Unit, being a global technology enabled, non-asset based third-party logistics service provider focused on freight brokerage services across multiple modes of transportation. The operations and customer service are provided through its proprietary transportation management system technology platform known as SilverExpress, which aligns customer shipments with transportation carriers.

Disaggregation of revenue:

The following tables detail Mullen Group's revenue by type of service and timing of the transfer of goods or services by segment:

| Nine month period ended<br>September 30, 2022 | Less-Than-<br>Truckload | Logistics &<br>Warehousing | Specialized<br>& Industrial<br>Services | U.S. &<br>International<br>Logistics | Corporate | Intersegment<br>eliminations | Total     |
|-----------------------------------------------|-------------------------|----------------------------|-----------------------------------------|--------------------------------------|-----------|------------------------------|-----------|
|                                               | \$                      | \$                         | \$                                      | \$                                   | \$        | \$                           | \$        |
| Revenue by service line                       |                         |                            |                                         |                                      |           |                              |           |
| Transportation                                | 579,268                 | 285,520                    | 132,264                                 | —                                    | —         | —                            | 997,052   |
| Logistics                                     | 20,547                  | 101,089                    | 18,705                                  | 169,172                              | —         | —                            | 309,513   |
| Other <sup>(1)</sup>                          | 4,694                   | 72,674                     | 143,781                                 | —                                    | 3,500     | —                            | 224,649   |
| Eliminations                                  | (16,566)                | (3,804)                    | (2,129)                                 | —                                    | —         | (11,900)                     | (34,399)  |
|                                               | 587,943                 | 455,479                    | 292,621                                 | 169,172                              | 3,500     | (11,900)                     | 1,496,815 |
| Timing of revenue recognition                 |                         |                            |                                         |                                      |           |                              |           |
| Over time                                     | 579,368                 | 290,045                    | 187,061                                 | —                                    | 2,657     | —                            | 1,059,131 |
| Point in time                                 | 25,141                  | 169,238                    | 107,689                                 | 169,172                              | 843       | —                            | 472,083   |
| Eliminations                                  | (16,566)                | (3,804)                    | (2,129)                                 | —                                    | —         | (11,900)                     | (34,399)  |
|                                               | 587,943                 | 455,479                    | 292,621                                 | 169,172                              | 3,500     | (11,900)                     | 1,496,815 |

<sup>(1)</sup> Included within other revenue is \$38.0 million of rental revenue comprised of \$0.1 million, \$4.5 million, \$30.7 million, nil and \$2.7 million recorded in the Less-Than-Truckload segment, the Logistics & Warehousing segment, the Specialized & Industrial Services segment, the U.S. & International Logistics segment and Corporate, respectively.

| Nine month period ended<br>September 30, 2021 | Less-than-<br>Truckload | Logistics &<br>Warehousing | Specialized<br>& Industrial<br>Services | U.S. &<br>International<br>Logistics | Corporate | Intersegment<br>eliminations | Total     |
|-----------------------------------------------|-------------------------|----------------------------|-----------------------------------------|--------------------------------------|-----------|------------------------------|-----------|
|                                               | \$                      | \$                         | \$                                      | \$                                   | \$        | \$                           | \$        |
| Revenue by service line                       |                         |                            |                                         |                                      |           |                              |           |
| Transportation                                | 401,019                 | 203,871                    | 109,107                                 | —                                    | —         | —                            | 713,997   |
| Logistics                                     | 16,634                  | 70,151                     | 11,680                                  | 56,997                               | —         | —                            | 155,462   |
| Other <sup>(1)</sup>                          | 5,005                   | 63,415                     | 112,616                                 | —                                    | 2,994     | —                            | 184,030   |
| Eliminations                                  | (6,133)                 | (3,683)                    | (2,015)                                 | —                                    | —         | (6,173)                      | (18,004)  |
|                                               | 416,525                 | 333,754                    | 231,388                                 | 56,997                               | 2,994     | (6,173)                      | 1,035,485 |
| Timing of revenue recognition                 |                         |                            |                                         |                                      |           |                              |           |
| Over time                                     | 401,199                 | 207,344                    | 153,388                                 | —                                    | 2,561     | —                            | 764,492   |
| Point in time                                 | 21,459                  | 130,093                    | 80,015                                  | 56,997                               | 433       | —                            | 288,997   |
| Eliminations                                  | (6,133)                 | (3,683)                    | (2,015)                                 | —                                    | —         | (6,173)                      | (18,004)  |
|                                               | 416,525                 | 333,754                    | 231,388                                 | 56,997                               | 2,994     | (6,173)                      | 1,035,485 |

<sup>(1)</sup> Included within other revenue is \$27.4 million of rental revenue comprised of \$0.2 million, \$3.5 million, \$21.2 million, nil and \$2.5 million recorded in the Less-Than-Truckload segment, the Logistics & Warehousing segment, the Specialized & Industrial Services segment, the U.S. & International Logistics segment and Corporate, respectively.



# 16. Other (Income) Expense

|                                                      | Three month periods ended<br>September 30 |          | Nine month periods ended<br>September 30 |            |
|------------------------------------------------------|-------------------------------------------|----------|------------------------------------------|------------|
|                                                      | 2022                                      | 2021     | 2022                                     | 2021       |
| Change in fair value of investments                  | \$ 353                                    | \$ 272   | \$ 235                                   | \$ (794)   |
| Loss (gain) on sale of property, plant and equipment | 699                                       | (194)    | 1,940                                    | (411)      |
| Gain on contingent consideration                     | —                                         | —        | —                                        | (150)      |
| Earnings from equity investments                     | (2,997)                                   | (555)    | (7,126)                                  | (1,024)    |
| Accretion on asset retirement obligations            | 6                                         | 6        | 19                                       | 18         |
| Other (income) expense                               | \$ (1,939)                                | \$ (471) | \$ (4,932)                               | \$ (2,361) |

# 17. Changes in Non-Cash Working Capital

|                                          | Nine month periods ended September 30 |             |
|------------------------------------------|---------------------------------------|-------------|
|                                          | 2022                                  | 2021        |
| Trade and other receivables              | \$ (65,105)                           | \$ (7,848)  |
| Inventory                                | (7,140)                               | (4,498)     |
| Prepaid expenses                         | (14,814)                              | (9,139)     |
| Accounts payable and accrued liabilities | 28,554                                | 9,807       |
|                                          | \$ (58,505)                           | \$ (11,678) |

|                                                 | Nine month periods ended September 30 |             |
|-------------------------------------------------|---------------------------------------|-------------|
|                                                 | 2022                                  | 2021        |
| Changes in non-cash working capital items from: |                                       |             |
| Operating activities                            | \$ (60,045)                           | \$ (13,586) |
| Financing activities                            | 1,001                                 | 612         |
| Investing activities                            | 539                                   | 1,296       |
|                                                 | \$ (58,505)                           | \$ (11,678) |

# 18. Operating Segments

Mullen Group reports its financial results in four operating segments. These four operating segments have been differentiated by the sector of the economy in which the businesses operate, the type of services provided, the equipment requirements and the customer needs. The Less-Than-Truckload segment provides final or last mile delivery of general freight consisting of smaller shipments, packages and parcels. Through an extensive terminal network the pickup, handling and delivery of a wide range of freight including ambient, temperature controlled and consumer goods is coordinated from regional hubs located in Ontario and western Canada. The Logistics & Warehousing segment provides shippers throughout North America with a wide range of trucking and logistics service offerings including full truckload, specialized transportation, warehousing, fulfillment centres that handle e-commerce transactions, and transload facilities designed for intermodal and bulk shipments. The Specialized & Industrial Services segment provides specialized equipment and services to the oil and natural gas, environmental, construction, pipeline, utility, telecom and civil industries. The U.S. & International Logistics segment provides third-party logistics services focused on freight brokerage across multiple modes of transportation.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
Three and nine month periods ended September 30, 2022 and 2021 (unaudited)  
(Tabular amounts in thousands, except share and per share amounts)

The following tables provide financial results by segment:

| Three month period ended September 30, 2022   | Intersegment eliminations |                         |                                   |                                |           |                     |                         |                                   |                                | Total     |
|-----------------------------------------------|---------------------------|-------------------------|-----------------------------------|--------------------------------|-----------|---------------------|-------------------------|-----------------------------------|--------------------------------|-----------|
|                                               | Less-Than-Truckload       | Logistics & Warehousing | Specialized & Industrial Services | U.S. & International Logistics | Corporate | Less-Than-Truckload | Logistics & Warehousing | Specialized & Industrial Services | U.S. & International Logistics |           |
|                                               | \$                        | \$                      | \$                                | \$                             | \$        | \$                  | \$                      | \$                                | \$                             | \$        |
| Revenue                                       | 201,628                   | 156,284                 | 108,797                           | 54,633                         | 860       | (609)               | (1,704)                 | (1,511)                           | —                              | 518,378   |
| Income (loss) before income taxes             | 25,947                    | 22,051                  | 15,350                            | 4                              | (9,433)   | —                   | —                       | —                                 | —                              | 53,919    |
| Depreciation of property, plant and equipment | 5,136                     | 3,986                   | 6,675                             | 490                            | 1,538     | —                   | —                       | —                                 | —                              | 17,825    |
| Amortization of intangible assets             | 2,154                     | 1,625                   | 109                               | 442                            | —         | —                   | —                       | —                                 | —                              | 4,330     |
| Capital expenditures <sup>(1)</sup>           | 3,595                     | 6,522                   | 2,025                             | —                              | 3,773     | (42)                | (28)                    | (1)                               | —                              | 15,844    |
| Total assets at September 30, 2022            | 571,103                   | 409,840                 | 385,900                           | 75,880                         | 599,519   | —                   | —                       | —                                 | —                              | 2,042,242 |

<sup>(1)</sup> Excludes business acquisitions.

| Three month period ended September 30, 2021   | Intersegment eliminations |                         |                                   |                                |           |                     |                         |                                   |                                | Total     |
|-----------------------------------------------|---------------------------|-------------------------|-----------------------------------|--------------------------------|-----------|---------------------|-------------------------|-----------------------------------|--------------------------------|-----------|
|                                               | Less-Than-Truckload       | Logistics & Warehousing | Specialized & Industrial Services | U.S. & International Logistics | Corporate | Less-Than-Truckload | Logistics & Warehousing | Specialized & Industrial Services | U.S. & International Logistics |           |
|                                               | \$                        | \$                      | \$                                | \$                             | \$        | \$                  | \$                      | \$                                | \$                             | \$        |
| Revenue                                       | 169,171                   | 121,901                 | 85,669                            | 56,997                         | 855       | (400)               | (872)                   | (798)                             | —                              | 432,523   |
| Income (loss) before income taxes             | 10,930                    | 12,191                  | 2,837                             | 1,373                          | (3,646)   | —                   | —                       | —                                 | —                              | 23,685    |
| Depreciation of property, plant and equipment | 4,688                     | 3,404                   | 8,305                             | 473                            | 1,547     | —                   | —                       | —                                 | —                              | 18,417    |
| Amortization of intangible assets             | 3,492                     | 3,135                   | 1,551                             | 852                            | —         | —                   | —                       | —                                 | —                              | 9,030     |
| Capital expenditures <sup>(1)</sup>           | 5,799                     | 3,087                   | 3,455                             | —                              | 119       | —                   | (46)                    | (3)                               | —                              | 12,411    |
| Total assets at December 31, 2021             | 517,659                   | 366,624                 | 385,411                           | 80,816                         | 571,486   | —                   | —                       | —                                 | —                              | 1,921,996 |

<sup>(1)</sup> Excludes business acquisitions.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
Three and nine month periods ended September 30, 2022 and 2021 (unaudited)  
(Tabular amounts in thousands, except share and per share amounts)

| Nine month<br>period ended<br>September 30,<br>2022    | Intersegment eliminations   |                            |                                         |                                      |           |                             |                            |                                         |                                      | Total     |
|--------------------------------------------------------|-----------------------------|----------------------------|-----------------------------------------|--------------------------------------|-----------|-----------------------------|----------------------------|-----------------------------------------|--------------------------------------|-----------|
|                                                        | Less-<br>Than-<br>Truckload | Logistics &<br>Warehousing | Specialized<br>& Industrial<br>Services | U.S. &<br>International<br>Logistics | Corporate | Less-<br>Than-<br>Truckload | Logistics &<br>Warehousing | Specialized<br>& Industrial<br>Services | U.S. &<br>International<br>Logistics |           |
|                                                        | \$                          | \$                         | \$                                      | \$                                   | \$        | \$                          | \$                         | \$                                      | \$                                   | \$        |
| Revenue                                                | 587,943                     | 455,479                    | 292,621                                 | 169,172                              | 3,500     | (1,755)                     | (3,712)                    | (6,433)                                 | —                                    | 1,496,815 |
| Income (loss)<br>before income<br>taxes                | 61,814                      | 58,320                     | 29,682                                  | 264                                  | (15,817)  | —                           | —                          | —                                       | —                                    | 134,263   |
| Depreciation of<br>property, plant<br>and<br>equipment | 15,153                      | 11,784                     | 19,716                                  | 1,444                                | 4,549     | —                           | —                          | —                                       | —                                    | 52,646    |
| Amortization of<br>intangible<br>assets                | 6,192                       | 5,137                      | 695                                     | 1,301                                | —         | —                           | —                          | —                                       | —                                    | 13,325    |
| Capital<br>expenditures <sup>(1)</sup>                 | 16,354                      | 16,639                     | 7,989                                   | —                                    | 9,298     | (166)                       | (883)                      | (138)                                   | —                                    | 49,093    |
| Total assets at<br>September 30,<br>2022               | 571,103                     | 409,840                    | 385,900                                 | 75,880                               | 599,519   | —                           | —                          | —                                       | —                                    | 2,042,242 |

<sup>(1)</sup> Excludes business acquisitions.

| Nine month<br>period ended<br>September 30,<br>2021    | Intersegment eliminations   |                            |                                         |                                      |           |                             |                            |                                         |                                      | Total     |
|--------------------------------------------------------|-----------------------------|----------------------------|-----------------------------------------|--------------------------------------|-----------|-----------------------------|----------------------------|-----------------------------------------|--------------------------------------|-----------|
|                                                        | Less-<br>Than-<br>Truckload | Logistics &<br>Warehousing | Specialized<br>& Industrial<br>Services | U.S. &<br>International<br>Logistics | Corporate | Less-<br>Than-<br>Truckload | Logistics &<br>Warehousing | Specialized<br>& Industrial<br>Services | U.S. &<br>International<br>Logistics |           |
|                                                        | \$                          | \$                         | \$                                      | \$                                   | \$        | \$                          | \$                         | \$                                      | \$                                   | \$        |
| Revenue                                                | 416,525                     | 333,754                    | 231,388                                 | 56,997                               | 2,994     | (877)                       | (3,339)                    | (1,957)                                 | —                                    | 1,035,485 |
| Income (loss)<br>before income<br>taxes                | 30,197                      | 35,394                     | 7,984                                   | 1,373                                | (6,507)   | —                           | —                          | —                                       | —                                    | 68,441    |
| Depreciation of<br>property, plant<br>and<br>equipment | 13,096                      | 9,505                      | 24,635                                  | 473                                  | 4,612     | —                           | —                          | —                                       | —                                    | 52,321    |
| Amortization of<br>intangible<br>assets                | 7,336                       | 6,774                      | 4,233                                   | 852                                  | —         | —                           | —                          | —                                       | —                                    | 19,195    |
| Capital<br>expenditures <sup>(1)</sup>                 | 18,594                      | 9,153                      | 8,971                                   | —                                    | 1,674     | (55)                        | (341)                      | (290)                                   | —                                    | 37,706    |
| Total assets at<br>December 31,<br>2021                | 517,659                     | 366,624                    | 385,411                                 | 80,816                               | 571,486   | —                           | —                          | —                                       | —                                    | 1,921,996 |

<sup>(1)</sup> Excludes business acquisitions.

Performance is measured based on segment income before income tax, as included in the internal management reports that are reviewed by Mullen Group's Senior Executive Officer and President. Segment income is used to measure performance as management believes that such information is the most relevant in evaluating the results of segments relative to other entities that operate within these industries.



The following geographical information is based upon the Business Unit's head office location for the nine month period ended September 30, 2022.

| 2022           | Revenue             | Operating Income<br>Before Depreciation<br>and Amortization | Property,<br>Plant and<br>Equipment | Total Non-<br>Current Assets | Total<br>Assets     |
|----------------|---------------------|-------------------------------------------------------------|-------------------------------------|------------------------------|---------------------|
| Canada         | \$ 1,327,643        | \$ 247,470                                                  | \$ 977,209                          | \$ 1,586,438                 | \$ 1,966,362        |
| United States* | 169,172             | 4,839                                                       | 1,542                               | 50,221                       | 75,880              |
| <b>Total</b>   | <b>\$ 1,496,815</b> | <b>\$ 252,309</b>                                           | <b>\$ 978,751</b>                   | <b>\$ 1,636,659</b>          | <b>\$ 2,042,242</b> |

\* Commenced U.S. operations on June 30, 2021.

#### 19. Subsequent Event

Subsequent to September 30, 2022, until the date of this report, the Corporation repurchased 12,995 Common Shares at a total cost of \$0.2 million.



## CORPORATE INFORMATION

### DIRECTORS | OFFICERS

**Murray K. Mullen**

Chair of the Board, Senior Executive Officer,  
President and Director

**Sonia Tibbatts, MBA**

Lead Director

**Benoit Durand, CFA, ICD.D**

Director

**Stephen H. Lockwood, LLB**

Director

**Christine E. McGinley, CPA, CA, ICD.D**

Director

**David E. Mullen**

Director

**Jamil Murji, CFA**

Director

**Philip J. Scherman, FCPA, FCA, ICD.D**

Director

**Richard Whitley, FCPA, FCA**

Director

**P. Stephen Clark, FCPA, FCMA, ICD.D**

Senior Financial Officer

**Richard J. Maloney**

Senior Operating Officer

**Joanna K. Scott**

Senior Corporate Officer

**Carson Urlacher, CPA, CA**

Senior Accounting Officer

### CORPORATE OFFICE

**Mullen Group Ltd.**

Chimney Rock Centre  
121A, 31 Southridge Drive  
Okotoks, Alberta T1S 2N3

**Telephone:** 403-995-5200

**Canada/U.S.:** 1-866-995-7711

**Facsimile:** 403-995-5296

**Internet:** [www.mullen-group.com](http://www.mullen-group.com)

**Email:** [IR@mullen-group.com](mailto:IR@mullen-group.com)

### BANKER

**The Royal Bank of Canada**

Calgary, Alberta

### AUDITORS

**PricewaterhouseCoopers LLP**

Calgary, Alberta

### STOCK EXCHANGE

**Toronto Stock Exchange**

Trading Symbol: MTL

### TRANSFER AGENT AND REGISTRAR

**Computershare Trust Company of Canada**

Toronto, Ontario

Telephone: 1-800-564-6253

Internet: [www.investorcentre.com](http://www.investorcentre.com)

Shareholder Inquiries:

[www.investorcentre.com/service](http://www.investorcentre.com/service)

### ONLINE INFORMATION

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[www.mullen-group.com](http://www.mullen-group.com).*

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