Mullen Group Ltd.

INTERIM REPORT
QUARTER TWO

FOR THE PERIOD ENDED
June 30, 2021

CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("**MD&A**"), dated July 21, 2021, has been prepared by management of Mullen Group Ltd. ("**Mullen Group**" and/or the "**Corporation**") for the three and six month periods ended June 30, 2021, and should be read in conjunction with (i) the audited annual consolidated financial statements for the fiscal year ended December 31, 2020 (the "**Annual Financial Statements**"), together with the Management's Discussion and Analysis thereon (the "**2020 MD&A**"), and (ii) the unaudited condensed interim consolidated financial statements for the three and six month periods ended June 30, 2021, (the "**Interim Financial Statements**"). Unless otherwise specified, information in this MD&A is provided as at such date and any reference to "Mullen Group", "we", "us", "our" or the "Corporation" means 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 SEDAR at www.sedar.com and at 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. 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 July 21, 2021.

ACCOUNTING STANDARDS

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 geopolitical risks including but not limited to a slowdown in the general economy, reduced oil and natural gas drilling and decreased oil sands and heavy oil activity; e-commerce and supply chain evolution; acquisitions; competition; 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; prevailing interest rates; 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; regulatory framework governing matters such as tax and the environment in the jurisdictions in which the Corporation conducts and will conduct its business; 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 64 of the 2020 MD&A as well as in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website at 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 57 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, operating margin[1], net income – adjusted[1], earnings per share – adjusted[1], net capital expenditures[1], net debt[1], total net debt[1] and cash flow per share[1] 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.*

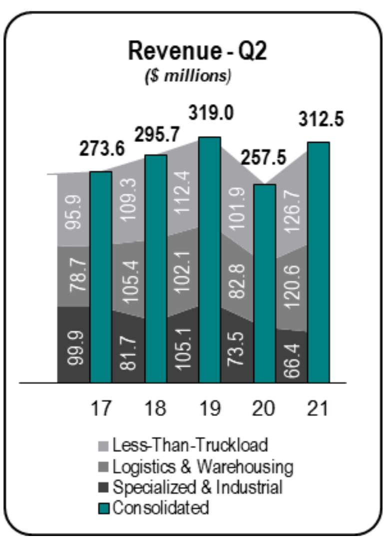
[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

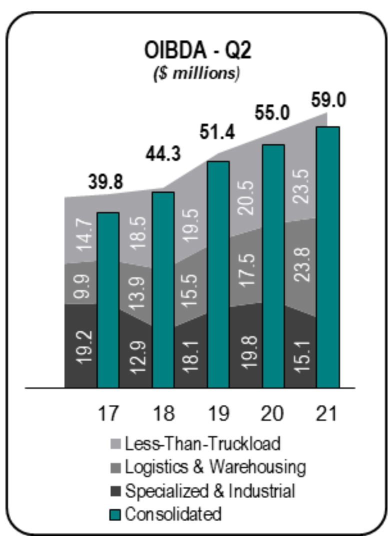
HIGHLIGHTS FOR THE QUARTER

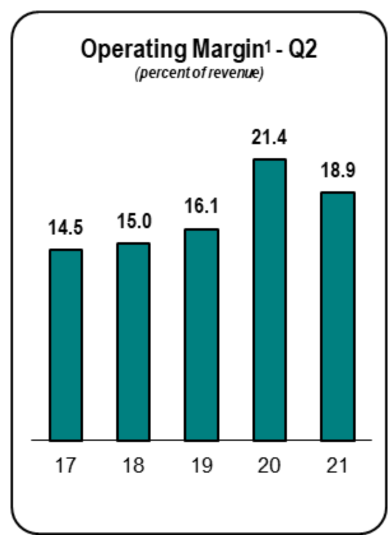
PERFORMANCE: *(unaudited) ($ millions, except share price and per share amounts)*	Three month periods ended June 30					Six month periods ended June 30				
		2021		**2020**	**% Change**		**2021**		**2020**	**% Change**
Financial Results										
Revenue	**$**	**312.5**	$	257.5	21.4	**$**	**603.0**	$	575.7	4.7
Operating income before depreciation and amortization[1]		**59.0**		55.0	7.3		**106.1**		100.2	5.9
Net foreign exchange (gain) loss		**(1.2)**		(5.2)	(76.9)		**(1.3)**		(2.4)	(45.8)
Decrease (increase) in fair value of investments		**(0.7)**		(0.2)	250.0		**(1.1)**		1.3	(184.6)
Net income		**21.7**		23.0	(5.7)		**34.7**		27.7	25.3
Net income – adjusted[2]		**19.9**		18.0	10.6		**31.7**		27.5	15.3
Net cash from operating activities		**55.9**		84.7	(34.0)		**94.9**		124.9	(24.0)
Cash dividends declared		**11.5**		—	100.0		**23.1**		15.7	47.1
Financial Position										
Cash and bank indebtedness	**$**	**(73.7)**	$	111.9	(165.9)	**$**	**(73.7)**	$	111.9	(165.9)
Private Placement Debt		**454.0**		482.2	(5.8)		**454.0**		482.2	(5.8)
Private Placement Debt covenant (threshold 3.50:1)		**2.54:1**		2.22:1	14.4		**2.54:1**		2.22:1	14.4
Total assets		**1,885.0**		1,735.9	8.6		**1,885.0**		1,735.9	8.6
Share Information										
Cash dividends declared per Common Share	**$**	**0.12**	$	—	100.0	**$**	**0.24**	$	0.15	60.0
Earnings per share – basic and diluted	**$**	**0.23**	$	0.23	—	**$**	**0.36**	$	0.27	33.3
Earnings per share – adjusted[2]	**$**	**0.21**	$	0.18	16.7	**$**	**0.33**	$	0.27	22.2
Net cash from operating activities per share	**$**	**0.58**	$	0.83	(30.1)	**$**	**0.98**	$	1.21	(19.0)
Share price – June 30	**$**	**13.36**	$	7.27	83.8	**$**	**13.36**	$	7.27	83.8
Other Information										
Net capital expenditures[2]	**$**	**5.8**	$	9.2	(37.0)	**$**	**15.7**	$	24.1	(34.9)
Acquisitions	**$**	**184.6**	$	—	100.0	**$**	**184.6**	$	—	100.0

*(1) Management relies on operating income before depreciation and amortization ("**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.*

(2) Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".







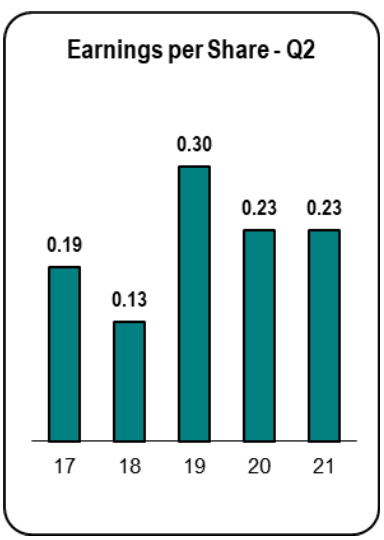
[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

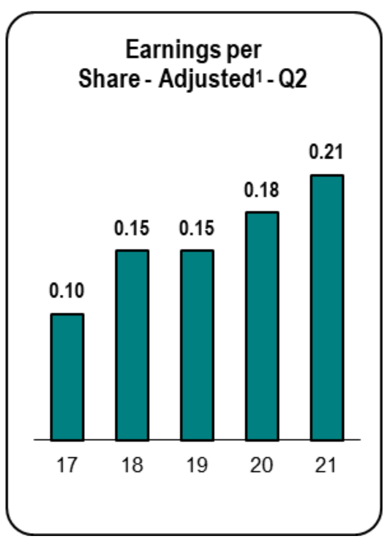
POSITION (as at June 30, 2021):

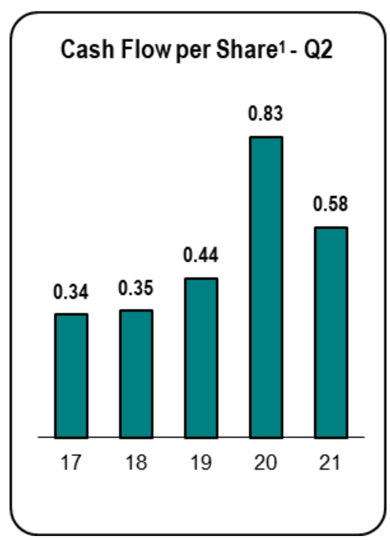
- Well-structured balance sheet
  - Working capital: $62.6 million (includes $70.3 million of amounts drawn on our $150.0 million Bank Credit Facility)
  - Net debt[1] of $557.8 million, which represents a debt to OIBDA ratio of 2.50:1
  - Private Placement Debt of $454.0 million (operating cash flow covenant at 2.54:1) with no scheduled maturities until 2024 (average fixed rate of 3.93 percent per annum)
- Net book value of property, plant and equipment of $982.4 million, which includes $621.3 million of carrying costs of owned land and buildings

SECOND QUARTER PROGRESS:

- Completed four acquisitions for $184.6 million and one subsequent to quarter end, adding approximately $400.0 million of incremental annualized revenue with two of the larger acquisitions in terms of revenue closing at the end of the quarter
- Revenue increased by 21.4 percent on a year over year basis to $312.5 million:
  - Less-Than-Truckload increased by 24.3 percent to $126.7 million
  - Logistics & Warehousing increased by 45.7 percent to $120.6 million
  - Specialized & Industrial Services decreased by 9.7 percent to $66.4 million
- OIBDA increased by 7.3 percent from the prior year to $59.0 million:
  - Less-Than-Truckload increased by $3.0 million to $23.5 million
  - Logistics & Warehousing increased by $6.3 million to $23.8 million
  - Specialized & Industrial Services decreased by $4.7 million to $15.1 million
- Recognized $6.4 million (2020 – $10.9 million) of Canada Emergency Wage Subsidy
- Repurchased 1,430,720 Common Shares at an average price of $12.81 per share under the NCIB







[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

EXECUTIVE SUMMARY

We just completed one of our most active quarters in the history of our company, finalizing the acquisition of five real quality businesses. These are strategic fits in our expanding network, strengthening our Canadian less-than-truckload service offering and logistics capacities, along with our first investment in the very large U.S. third-party logistics market. Collectively, these businesses will add incremental annualized revenue in excess of $400.0 million, putting us well ahead of our long-term plans to achieve $2.0 billion in revenue per year, along with ensuring we maintain our position as one of the largest and most respected logistics providers in North America. We welcome all of the new dedicated employees, dedicated contractors and partners to our growing organization, a company that values its people, focuses on a quality and safe work environment for all, and invests in leading edge technology solutions.

From a positioning perspective, these are great acquisitions especially given the current market context, where health restrictions are being lifted and economic expansion is poised to return. June was the first full month in quite some time that freight demand was strong across virtually all business lines. Consumer demand, which has been one of the steadiest segments of the economy, continued at a robust pace throughout the quarter, and finally we witnessed strength in the demand for "*freight of all kinds*" beginning in June, a sign of a more positive outlook for business investment and capital deployment. Acquisitions along with a recovering economy were the primary reasons for the improved financial performance year over year, a trend we believe will continue as the year progresses.

Mullen Group generates cash in excess of its operating needs through a diversified business model combined with a highly adaptable and variable cost structure. The financial results for the three month period ended June 30, 2021, are as follows:

- generated consolidated revenue of $312.5 million, an increase of $55.0 million, or 21.4 percent, as compared to $257.5 million in 2020 due to a combination of incremental revenue generated from acquisitions and internal growth resulting in:
  - an increase of $24.8 million to $126.7 million in the Less-Than-Truckload segment
  - an increase of $37.8 million to $120.6 million in the Logistics & Warehousing segment
  - a decrease of $7.1 million to $66.4 million in the Specialized & Industrial Services segment
- earned consolidated OIBDA of $59.0 million, an increase of $4.0 million as compared to $55.0 million in 2020 despite a $4.5 million reduction in the Canada Emergency Wage Subsidy ("**CEWS**") resulting in:
  - an increase of $3.0 million to $23.5 million in the Less-Than-Truckload segment
  - an increase of $6.3 million to $23.8 million in the Logistics & Warehousing segment
  - a decrease of $4.7 million to $15.1 million in the Specialized & Industrial Services segment

Second Quarter Financial Results

Revenue increased by $55.0 million, or 21.4 percent, to $312.5 million and is summarized as follows:

- Less-Than-Truckload segment up $24.8 million, or 24.3 percent, to $126.7 million – revenue improved by $24.8 million due to strong consumer spending relative to 2020, from the $6.4 million of incremental revenue generated from the acquisition of Pacific Coast Express Limited ("**PCX**") and from $5.5 million of higher fuel surcharge revenue.

- Logistics & Warehousing segment up $37.8 million, or 45.7 percent, to $120.6 million – revenue improved by $37.8 million due to $25.0 million of incremental revenue from acquisitions, a $2.5 million increase in fuel surcharge revenue and from a 13.1 percent increase in same store sales as government mandated restrictions were reduced driving higher demand for freight with the month of June 2021 being noticeably stronger.

- Specialized & Industrial Services segment down $7.1 million, or 9.7 percent, to $66.4 million – revenue declined by $7.1 million due to a $12.6 million reduction in revenue from Premay Pipeline Hauling L.P. ("**Premay Pipeline**") as COVID-19 restrictions and environmental concerns have delayed certain major pipeline construction projects until later this year. This decrease was partially offset by stronger demand for fluid hauling and drilling related services as higher crude oil and natural gas prices led to greater oil and natural gas drilling activity in western Canada.

OIBDA increased by $4.0 million, or 7.3 percent, to $59.0 million and is summarized as follows:

- Less-Than-Truckload segment up $3.0 million, or 14.6 percent, to $23.5 million – OIBDA improved due to strong results from Gardewine Group Limited Partnership ("**Gardewine**") and from $1.2 million of incremental OIBDA generated by PCX. These increases were partially offset by a $1.4 million reduction in CEWS. Excluding CEWS, the operating margin[1] was consistent at 18.2 percent as compared to 18.3 percent in 2020.

- Logistics & Warehousing segment up $6.3 million, or 36.0 percent, to $23.8 million – OIBDA improved due to $6.2 million of incremental OIBDA from acquisitions and from internal growth. These increases were partially offset by a $1.6 million reduction in CEWS. Excluding CEWS, the operating margin[1] improved to 18.8 percent as compared to 17.9 percent in 2020.

- Specialized & Industrial Services segment down $4.7 million, or 23.7 percent, to $15.1 million – OIBDA declined due to a $3.1 million decline in OIBDA generated by Premay Pipeline and from a $1.5 million reduction in CEWS. Adjusted for CEWS, operating margin[1] was 15.5 percent as compared to 18.4 percent in 2020 due to a change in revenue mix associated with large diameter pipeline projects.

Net income decreased by $1.3 million to $21.7 million, or $0.23 per Common Share due to:

- A $4.0 million negative variance in net foreign exchange, a $1.8 million increase in amortization of intangible assets, a $1.2 million decrease in earnings from equity investments and a $0.3 million increase in depreciation of right-of-use assets.

- The above was partially offset by a $4.0 million increase in OIBDA, a $0.8 million decrease in depreciation of property, plant and equipment, a $0.7 million decrease in the loss on sale of property, plant and equipment, and a $0.5 million positive variance in the fair value of investments.

<u>Financial Position</u>

The following summarizes our financial position as at June 30, 2021, along with some key changes that occurred during the second quarter of 2021:

- Working capital of $62.6 million including $70.3 million of amounts drawn on our $150.0 million Bank Credit Facility (as hereafter define on page 13).

- Total net debt[1] ($572.0 million) to operating cash flow ($224.8 million) (as hereafter define on page 50) of 2.54:1 as defined per our Private Placement Debt (as hereafter define on page 18) agreement (threshold of 3.50:1).

- Private Placement Debt of $454.0 million with no scheduled maturities until 2024 (average fixed rate of 3.93 percent per annum). Private Placement Debt decreased by $4.2 million due to the foreign exchange gain on our U.S. $229.0 million debt.

- Book value of Derivative Financial Instruments down $3.0 million to $31.4 million, which swaps our $229.0 million of U.S. dollar debt at an average foreign exchange rate of $1.1096.

- Net book value of property, plant and equipment of $982.4 million, which includes $621.3 million of carrying costs of owned real property.

- Year to date, we repurchased 1,430,720 Common Shares at an average price of $12.81 per share under our Normal Course Issuer Bid (as hereafter define on page 11).

[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

OUTLOOK

The near-term outlook for our company is very positive, primarily due to the combination of timely acquisitions accompanied by our expectation that a robust economic recovery in Canada will drive freight demand in each of our operating segments.

In prior correspondence to shareholders, we cautioned that COVID-19 remained the single biggest short term obstacle impeding an economic recovery, which was precisely the case during the quarter. However, the much-anticipated economic recovery began in earnest in June contributing to high levels of freight demand. Consumer demand was noticeably stronger, a major contributor to another solid quarter for our Less-Than-Truckload segment Business Units (as hereafter defined on page 7). The Logistics & Warehousing segment also participated in the economic recovery with the demand for warehousing, logistics and trucking services noticeably stronger sequentially as well as year over year. The Specialized & Industrial Services segment's activity levels and overall demand was negatively impacted by COVID-19 mandated closures along with delays due to environmental concerns directly impacting major pipeline and construction related projects. As a result, the major pipeline projects were put on hold. These delays, which we consider as temporary, were somewhat offset by improved oil and natural gas drilling activity in western Canada.

Entering the third quarter we expect our results to improve materially with the full benefit of the acquisitions being the major contributor, a full economic recovery boosting freight demand along with a constructive outlook for drilling activity due to significantly higher crude oil and natural gas prices, and the restart of the major pipeline projects.

In terms of acquisitions, we acquired five quality businesses setting the stage for future growth and profitability. Over the balance of 2021, we will integrate these new Business Units into our organization to capitalize on the synergies associated with the acquisition, focus on margin improvement and manage our cost structure to ensure we generate maximum value for shareholders. We continue to evaluate acquisition opportunities, however, we will not be as active as this past quarter.

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CORPORATE OVERVIEW

Mullen Group is a publicly-traded company listed on the Toronto Stock Exchange ("**TSX**") under the symbol "**MTL**". We are one of Canada's largest logistics providers. Our network of independently operated businesses provide a wide range of service offerings including less-than-truckload ("**LTL**"), truckload, warehousing, logistics, transload, oversized and specialized hauling transportation. In addition, we provide a diverse set of specialized services related to the energy, mining, forestry and construction industries in western Canada, including water management, fluid hauling and environmental reclamation.

Business

The business is operated through a network of wholly-owned companies and limited partnerships (the "**Business Units**"). The segments are differentiated by the type of service provided, equipment requirements and customer needs. Mullen Group provides the capital and financial expertise, legal support, 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 Investments Inc. ("**MT**"), owns a network of real estate holdings and facilities that are leased primarily to the Business Units. Such properties are leased to the Business Units by MT on commercially reasonable terms. The day to day management of the Business Units is conducted at the subsidiary level.

In the third quarter of 2021, we will commence reporting financial results in four segments. The US & International Logistics segment will be added as a new segment and reflects our strategic direction to grow and expand our U.S. and international logistics business with the acquisition of the assets and business of QuadExpress (as hereafter defined on page 10) being the first in this segment. QuadExpress, which will be rebranded after a transition period, provides third-party logistics, logistics, technology, delivery and freight transportation services by utilizing its proprietary transportation management platform known as SilverExpress. QuadExpress operates out of Naperville, Illinois. The acquisition of the assets and business closed just prior to the end of the second quarter. Therefore, no financial results for this new segment were recognized in the second quarter of 2021.

Less-Than-Truckload Segment

Less-Than-Truckload consisted of 11 regionally focused 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.

Service Offerings	*Key Drivers and Considerations*
• *Less-Than-Truckload Trucking (LTL)*	• *Regional network comprised of 117 terminals;* • *Tied to consumer needs*
• *Ambient Temperature Controlled Transportation*	• *Tied to the movement of healthcare products*

Less-Than-Truckload Segment:

Business Unit	Primary Service Region
APPS Cargo Terminals Inc.(1)	Western Canada
APPS Cartage Inc.(1)	Ontario
Argus Carriers Ltd.	Lower Mainland British Columbia
Courtesy Freight Systems Ltd.	Northern Ontario
Gardewine Group Limited Partnership	Manitoba and Ontario
Grimshaw Trucking L.P.	Northern Alberta
Hi-Way 9 Express Ltd.(2)	Southern Alberta
Inter-Urban Delivery Service Ltd.	Lower Mainland British Columbia
Jay's Transportation Group Ltd.	Saskatchewan
Number 8 Freight Ltd.	Lower Mainland British Columbia
Pacific Coast Express Limited(3)	Western Canada

(1) Acquired June 24, 2021
(2) On January 1, 2020, the operations of Load-Way Ltd. and Streamline Logistics Inc., were integrated into Hi-Way 9 Express Ltd.
(3) Acquired September 1, 2020.

Logistics & Warehousing Segment

Logistics & Warehousing consisted of 12 Business Units that provide 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.

Service Offerings	*Key Drivers and Considerations*
• *Long-Haul Trucking (T/L)*	• *Tied to general economy (i.e., GDP)*
• *Logistics, Intermodal and Transload Services*	• *Requires less maintenance capital*
• *Bulk Hauling*	• *Primarily contract services*

Logistics & Warehousing Segment:

Business Unit	Primary Service Provided
24/7 The Storehouse (2015) Ltd.	Value-Added Warehousing and Distribution Services
Bandstra Transportation Systems Ltd.(1)	LTL, Irregular Route Truckload & Specialized Transportation
Caneda Transport Ltd.	LTL & Irregular Route Truckload
Cascade Carriers L.P.	Dry Bulk Freight
DWS Logistics Inc.	Value-Added Warehousing and Distribution Services
International Warehousing & Distribution Inc.(2)	Value-Added Warehousing and Distribution Services
Kleysen Group Ltd.	Irregular Route Truckload & Multi-Modal
Mullen Trucking Corp.	Irregular Route Truckload & Specialized Transportation
Payne Transportation Ltd.	Irregular Route Truckload & Specialized Transportation
RDK Transportation Co. Inc.	Irregular Route Truckload & Specialized Transportation
Tenold Transportation Ltd.	Irregular Route Truckload & Specialized Transportation
Tri Point Intermodal Services Inc.(3)	Intermodal Transportation and Storage Services

(1) Acquired April 16, 2021.
(2) Acquired October 2020.
(3) Acquired on June 1, 2021

Specialized & Industrial Services Segment

Specialized & Industrial Services consisted of 16 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.

Service Offerings	*Key Drivers and Considerations*
• *Production Services*	• *Commodity prices (i.e., oil and natural gas)*
• *Specialized Services* – oil sands, dewatering and infrastructure	• *Infrastructure and capital projects* • *Take-away / Pipeline Capacity*
• *Drilling and Drilling Related*	• *Drilling activity in western Canada* • *Drilling trends and evolving technologies*

Specialized & Industrial Services Segment:

Business Unit	**Primary Service Provided**
Babine Truck & Equipment Ltd.(1)	Original Equipment Manufacturer Dealership and Services
Canadian Dewatering L.P.	Water Management Services
Cascade Energy Services L.P.	Production services, Turnaround and Industrial Cleaning Services
Canadian Hydrovac Ltd.	Hydrovac Excavation Services
E-Can Oilfield Services L.P.	Fluid Transportation
Envolve Energy Services Corp.	Processing and Disposal of Oilfield Fluids
Formula Powell L.P.	Mud / Fluid Transportation & Warehousing
Heavy Crude Hauling L.P.(2)	Fluid Transportation
Mullen Oilfield Services L.P.(3)	Rig Relocation Services
OK Drilling Services L.P.	Conductor Pipe Setting
Premay Equipment L.P.	Specialized Heavy Haul
Premay Pipeline Hauling L.P.	Large Diameter Pipe Transportation
Recon Utility Search L.P.	Hydrovac Excavation Services
Smook Contractors Ltd.	Civil Construction
Spearing Service L.P.	Fluid Transportation
TREO Drilling Services L.P.	Core Drilling

(1) Acquired April 16, 2021.
(2) On April 1, 2020, the operations of R. E. Line Trucking (Coleville) Ltd. were combined into Heavy Crude Hauling L.P.
(3) On January 1, 2020, the operations of Withers L.P. were combined into Mullen Oilfield Services L.P.

A more detailed description of the Business Units is set forth in the Annual Information Form, which is dated February 10, 2021 and is available on SEDAR at www.sedar.com, our website at www.mullen-group.com or upon request, free of charge, from the Corporate Investor Services group at ir@mullen-group.com.

Capital Allocations

Acquisitions

The acquisitions set forth below have been accounted for by the acquisition method and the financial results of operations have been included in the accompanying Interim Financial Statements from the date of acquisition.

2021

Bandstra Transportation Systems Ltd./Babine Truck & Equipment Ltd. – On April 16, 2021, we acquired all of the issued and outstanding shares of Bandstra Transportation Systems Ltd. ("**Bandstra**") and Babine Truck & Equipment Ltd. ("**Babine"**) for total cash consideration of $75.0 million. Bandstra is a privately held company headquartered in Smithers, British Columbia and provides a wide range of transportation and logistics services to communities in northern British Columbia including truckload, general freight, LTL and specialized hauling services. Customers are serviced through a network of three leased and eight owned facilities, all of which are included in the acquisition. They operate a fleet of approximately 180 power units, 360 trailers and 70 pieces of support equipment. Babine is an Original Equipment Manufacturer ("**OEM**") dealership providing sales of OEM trucks and trailers and also provides parts, service and maintenance work from three locations in British Columbia supporting the natural resources, energy and transportation industries. We acquired Bandstra and Babine as part of our strategy to invest in the transportation sector. The financial results of Bandstra are included within the Logistics & Warehousing segment while Babine's financial results are included within the Specialized & Industrial Services segment.

Tri Point Intermodal Services Inc. – On June 1, 2021, we acquired all of the issued and outstanding shares of Tri Point Intermodal Services Inc. and Trillium Drayage Services Inc. (collectively, "**Tri Point**") for total cash consideration of $8.3 million. Tri Point is based out of Mississauga, Ontario and mainly provides intermodal transportation and storage services to and from the Greater Toronto Area. We acquired Tri Point as part of our strategy to invest in the transportation sector in eastern Canada. The financial results of Tri Point's operations are included in the Logistics & Warehousing segment.

APPS Transport Group Inc. – On June 24, 2021, we acquired all of the issued and outstanding shares of APPS Transport Group Inc. including its operating businesses APPS Cartage Inc. and APPS Cargo Terminals Inc. (collectively, "**APPS**") for total consideration of $74.0 million consisting of $64.6 million of cash consideration and from the issuance of 750,000 Common Shares of Mullen Group. APPS, based in Mississauga, Ontario with operations in western Canada, provides LTL, truckload and intermodal along with warehousing services. Through a combination of company trucks, independent owner operators, and interline partners, APPS and its dedicated group of 300 plus employees, service the commercial supply; food and beverage; and retail and consumer sectors which supports the business-to-business along with the business-to-consumer e-commerce space. We acquired APPS as part of our strategy to invest in the transportation sector in Canada. The financial results of APPS' operations are included in the Less-Than-Truckload segment.

QuadExpress – On June 30, 2021, we acquired all the assets and business of QuadExpress ("**QuadExpress**") from Quad Logistics Services, LLC, an indirect subsidiary of Quad/Graphics, Inc., ("**Quad**") for total cash consideration of $49.6 million. We recorded $49.6 million of cash used to acquire the assets and business of QuadExpress in our condensed consolidated statement of cash flows. QuadExpress will be rebranded after a transition period. QuadExpress provides third-party logistics, logistics, technology, delivery and freight transportation services to its customers throughout the United States and internationally, by utilizing its proprietary transportation management platform known as SilverExpress, through an expansive agency network. QuadExpress operates out of Naperville, Illinois. We acquired the assets and business of QuadExpress as part of our strategy to grow and expand our service offerings into the United States and internationally. The financial results of QuadExpress' operations will be reported within a new operating segment commencing in the third quarter of 2021 and will be named the "*US & International Logistics segment"*.

2020

Pacific Coast Express Limited – On August 1, 2018, we acquired 40.0 percent of the issued and outstanding shares of Pacific Coast Express Limited ("**PCX**") for $2.0 million. We used the equity method to account for this investment and recognized $1.6 million of earnings from August 1, 2018 until September 1, 2020. On September 1, 2020, we acquired all of the remaining issued and outstanding shares of PCX including two of PCX's operating facilities, one in Calgary, Alberta and one in Winnipeg, Manitoba for cash consideration of $14.4 million. We recorded $14.4 million of cash used to acquire PCX in our condensed consolidated statement of cash flows, which consists of $14.2 million of cash consideration paid on closing and $0.2 million of bank indebtedness acquired. The fair value of PCX was $18.4 million on the date control was obtained resulting in a $0.4 million gain on this equity investment being recognized within other (income) expense on the condensed consolidated statement of comprehensive income. PCX is based out of the Lower Mainland of British Columbia and provides expedited handling of international LTL and truckload shipments to and from western Canada, the western United States and Mexico, along with shipments between multiple points in western Canada. PCX operates an owner operator and logistics model from four locations with its head office in Surrey, British Columbia, along with operating terminals in Edmonton and Calgary, Alberta and Winnipeg, Manitoba. We acquired PCX as part of our strategy to invest in the transportation sector in western Canada. The financial results of PCX's operations are included in the Less-Than-Truckload segment.

International Warehousing & Distribution Inc. – In October 2020, we announced an agreement to acquire all of the issued and outstanding shares of International Warehousing & Distribution Inc. ("**IWD**") for total cash consideration of $5.7 million. IWD is based out of Mississauga, Ontario and provides sufferance warehousing and distribution services in Ontario. We acquired IWD as part of our strategy to invest in the warehousing and transportation sector in eastern Canada. The acquisition of IWD expands our service offering to the greater Toronto, Ontario market. The financial results of IWD's operations are included in the Logistics & Warehousing segment.

Normal Course Issuer Bid

On March 3, 2021, we announced that we received approval from the TSX for the renewal of our 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. As at June 30, 2021, we had repurchased and cancelled 1,394,952 Common Shares for $17.9 million under this NCIB program. All purchases were made in accordance with the NCIB at prevalent market prices as permitted by the TSX. The NCIB can be cancelled at the discretion of the Corporation at any time. At June 30, 2021, the Corporation had 96,207,095 Common Shares issued and outstanding. In 2020 we completed our previous NCIB that began on March 9, 2020 and expired on March 8, 2021, by repurchasing the maximum allowable number of 7,972,926 Common Shares under the program for a total of $53.4 million, representing an average price of $6.70 per Common Share. Early in 2020, we announced a plan to allocate $100.0 million over the course of three years to repurchase Common Shares of Mullen Group via an authorized share buyback program.

As at February 28, 2021, the average daily trading volume of the Common Shares on the TSX ("**ADTV**") for the most recently completed six calendar months was 286,151. Pursuant to the TSX policies, the maximum number of Common Shares that may be purchased in one day pursuant to the NCIB was the greater of 1,000 and 25.0 percent of ADTV, which amounts to 71,537 Common Shares, subject to certain prescribed exceptions.

The Corporation entered into an automatic securities purchase plan (the "**ASPP**") with its broker, to allow for the repurchase of Common Shares at all times during the course of the NCIB including when the Corporation ordinarily would not be active in the market due to its own internal trading blackout periods, insider trading rules or otherwise. The funding for the purchase of Common Shares under the NCIB is financed out of the working capital of the Corporation. The ASPP can be cancelled at the discretion of the Corporation at any time.

Dividends

On December 9, 2020, we announced our intention to pay annual dividends of $0.48 per Common Share ($0.04 per Common Share on a monthly basis) for 2021. For the six month period ending June 30, 2021, we declared monthly dividends totalling $0.24 per Common Share (2020 – $0.15 per Common Share). At June 30, 2021, we had 96,207,095 Common Shares outstanding and a dividend payable of $3.8 million (December 31, 2020 – $2.9 million).

We also declared a dividend of $0.04 per Common Share on July 20, 2021, to the holders of record at the close of business on July 31, 2021. The Board will continue to consider the amount of and the record date for the monthly dividend.

Capital Expenditures

On December 9, 2020, the Board approved a capital budget of $60.0 million for 2021, exclusive of corporate acquisitions or investment in facilities, land and buildings, with $50.0 million allocated towards maintenance capital primarily to replace trucks, trailers, specialized equipment and technology to support the operations of the business. In addition, we will allocate $10.0 million to fund growth and create jobs in Canada. In 2020, the federal government implemented the CEWS program. These funds are currently being directed to create opportunities and employment for Canadians.

In the first six months of 2021, gross capital expenditures on a pre-consolidated basis were $26.0 million as compared to $28.9 million in 2020. These capital expenditures were comprised of $12.8 million in the Less-Than-Truckload segment (2020 – $8.6 million), $6.1 million in the Logistics & Warehousing segment (2020 – $5.0 million), $5.5 million in the Specialized & Industrial Services segment (2020 – $7.9 million) and $1.6 million in the Corporate Office (2020 – $7.4 million). The $2.9 million decrease in gross capital expenditures was mainly due to the delay in new equipment arriving, which has resulted from the impact of COVID-19 and the corresponding plant shutdowns and disruptions in the supply chain. Gross dispositions on a pre-consolidated basis were $10.3 million in 2021 as compared to $4.8 million in 2020. These gross dispositions were comprised of $1.0 million in the Less-Than-Truckload segment (2020 – $0.4 million), $1.2 million in the Logistics & Warehousing segment (2020 – $0.4 million), $4.7 million in the Specialized & Industrial Services segment (2020 – $2.8 million) and $3.4 million in the Corporate Office (2020 – $1.2 million).

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. Thus, an aggregate of approximately 8.9 million Common Shares of Mullen Group may be issued if all the holders convert their principal amount. The proceeds of the offering was used for general corporate purposes, which may include future acquisitions. As subordinated debt, the accounting value assigned to the Debentures including any related interest expense is excluded from our financial covenant calculations under our Private Placement Debt (as hereafter defined on page 18).

The Debentures shall not be redeemable by the Corporation prior to November 30, 2023. On or after November 30, 2023 and prior to November 30, 2025, the Debentures may be redeemed by the Corporation, in whole or in part from time to time, on not more than 60 days and not less than 40 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, up to but excluding the date set for redemption, provided that the arithmetic average of the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending five trading days prior to the date on which notice of redemption is provided is at least 125.0 percent of the conversion price. On or after November 30, 2025 and prior to the maturity date, the Debentures may be redeemed in whole or in part at the option of the Corporation on not more than 60 days and not less than 40 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest if any, up to but excluding the date set for redemption.

The details of the debt component of the Debentures are as follows:

($ millions)		June 30, 2021		December 31, 2020	
Year of Maturity	**Interest Rate**	**Face Value**	**Carrying Amount**	**Face Value**	**Carrying Amount**
2026	5.75%	**$ 125.0**	**$ 112.3**	$ 125.0	$ 111.1

Bank Credit Facility

We have a loan agreement to borrow up to $150.0 million on an unsecured credit facility with the Royal Bank of Canada (the "**Bank Credit Facility**"). Interest on the Bank 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. As at June 30, 2021, there was $70.3 million drawn on this facility. This facility does not have any financial covenants, however, we cannot be in default of our Private Placement Debt (as hereafter defined on page 18) and we must be in compliance with certain reporting and general covenants. We are in compliance with all of these reporting and general covenants.

Subsequent Event

Subsequent to June 30, 2021, until the date of this report, the Corporation repurchased 250,376 Common Shares at a total cost of $3.2 million.

R.S. Harris Transport Ltd. – On July 1, 2021, we acquired all of the issued and outstanding shares of R.S. Harris Transport Ltd. ("**Harris**") for total cash consideration of $11.5 million, subject to a working capital adjustment. Harris is a privately held company headquartered in Winnipeg, Manitoba and provides a wide range of transportation and logistics services including intermodal, truckload and general freight services. The acquisition of Harris aligns with our strategy of acquiring transportation and logistics companies that have a strong regional presence. The financial results of Harris will be included within the Less-Than-Truckload segment. Harris will be managed by Gardewine and combined with Gardewine effective January 1, 2022.

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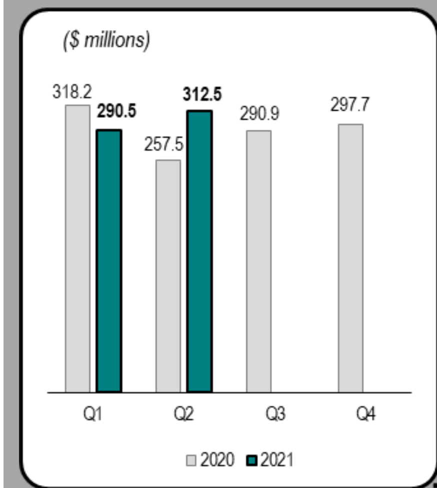
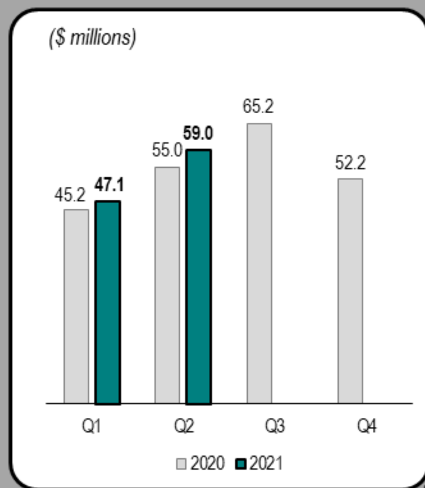
CONSOLIDATED FINANCIAL RESULTS – THREE MONTH PERIOD ENDED JUNE 30, 2021

Summary – Trailing Six Quarters

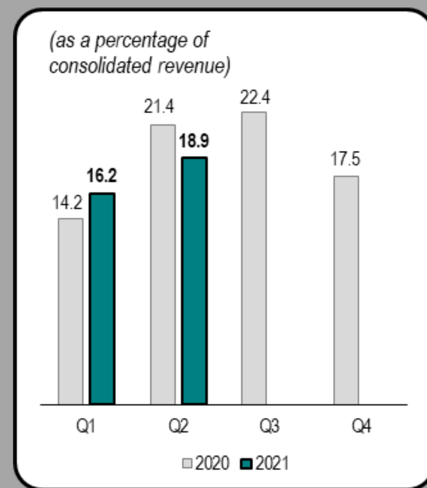
Consolidated Revenue



OIBDA



Operating Margin[1]



Our results for the second quarter of 2021 were once again impacted by the outbreak of COVID-19. This single event continued to disrupt lives, government policy, the economy and our results. Actions initiated by the various governments and health authorities influenced nearly every aspect of the economy, changing consumer buying habits, contributing to new trends such as e-commerce and online shopping, decimating the travel and hospitality industries and severely curtailing business investment along with disrupting the supply chain. In addition, governments provided significant stimulus to support displaced workers and businesses negatively impacted by mandated closures and shutdowns. Mullen Group continued to receive benefits from the federal government's program identified as CEWS during the quarter. This program did not provide revenue contribution, however, it did support our profitability. In the absence of the outbreak of COVID-19, the economy most likely would have performed in line with pre-COVID-19 levels and as such we believe our results would have been stronger than reported this quarter.

For the quarter, consolidated revenue increased significantly as compared to the same period last year for four reasons:

- Acquisitions contributed $34.6 million in additional revenues.

- Consumer spending remained very strong in the quarter, especially relative to the second quarter of 2020, when COVID-19 government mandated restrictions were first implemented. E-commerce and direct to consumer deliveries have grown significantly since the outbreak of the virus, contributing to strong growth in our Less-Than-Truckload segment.

- As government mandated restrictions were reduced, or in some provinces removed, we witnessed a resurgence in economic activity driving the demand for freight of all kinds to pre-pandemic levels. June 2021 was noticeably stronger, a major reason why our Logistics & Warehousing segment generated an increase in revenue.

- Higher crude oil and natural gas prices led to an increase in oil and natural gas drilling activity in western Canada. Activity levels have not returned to pre-pandemic levels, however, drilling is significantly higher than the second quarter of 2020.

[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

Offsetting the above positives was a $12.6 million year over year reduction in revenue from major pipeline construction activity. Two projects were delayed in the province of British Columbia due to COVID-19 work restrictions and environmental concerns. We consider the revenue decline temporary, nevertheless, the project delays did have a material impact on revenue in our Specialized & Industrial Services segment during the quarter.

Overall, operating profitability was up due to the revenue growth and stronger pricing, however, selling and administrative expenses increased along with higher operating costs in the quarter due to inflationary pricing pressures, including fuel costs and repairs. In addition, while we continued to receive benefits associated with the CEWS program, the quantum declined by $4.5 million year over year.

Revenue

*Revenue is generated by the Corporation through its Business Units. These Business Units are divided into three operating segments: Less-Than-Truckload, Logistics & Warehousing and Specialized & Industrial Services. The Business Units utilize a combination of company assets that are either owned by the Business Unit or leased ("**Company Equipment**"), 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**").*

Q2 Consolidated Revenue by Segment ***(unaudited)*** ***($ millions)***	**2021**		**2020**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Less-Than-Truckload	**126.7**	**40.4**	101.9	39.5	24.8	24.3
Logistics & Warehousing	**120.6**	**38.4**	82.8	32.1	37.8	45.7
Specialized & Industrial Services	**66.4**	**21.2**	73.5	28.4	(7.1)	(9.7)
Corporate and intersegment eliminations	**(1.2)**	**—**	(0.7)	—	(0.5)	—
Total	**312.5**	**100.0**	257.5	100.0	55.0	21.4

**as a percentage of pre-consolidated revenue*

Consolidated revenue in the second quarter increased by $55.0 million, or 21.4 percent, improving to $312.5 million as compared to $257.5 million in 2020. During the second quarter of 2020, the North American economy experienced a sudden and sharp decline in economic activity due to the initial onset of the COVID-19 pandemic resulting in greatly reduced demand for services, making the comparative results somewhat out of context. Although some of the negative effects of the COVID-19 pandemic continued to impact the demand for services in the Specialized & Industrial Services segment, the general economy continued to recover and revenue in our other segments have mostly recovered or grown. Our Less-Than-Truckload segment revenue, tied to the consumer part of the economy, once adjusted for fuel surcharge fluctuations and the acquisition of PCX, grew by 13.9 percent year over year. This compares favorably to the 9.3 percent decline experienced in the second quarter of 2020. Revenue in the Logistics & Warehousing segment grew by 45.7 percent or $37.8 million, the majority of which was due to acquisitions. Excluding the effects of our acquisitions and fuel surcharge fluctuations, this segment grew by 13.1 percent year over year. This compares to the 18.9 percent decline experienced in the second quarter of 2020. In our Specialized & Industrial Services segment, revenue declined by 9.7 percent, or $7.1 million, due to the delays in pipeline construction activity. Consolidated fuel surcharge revenue was $24.4 million as compared to $13.9 million in 2020.

Q2 Consolidated Revenue *(unaudited)* *($ millions)*	**2021**		**2020**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**229.1**	**73.3**	188.4	73.2	40.7	21.6
Contractors	**81.3**	**26.0**	67.8	26.3	13.5	19.9
Other	**2.1**	**0.7**	1.3	0.5	0.8	61.5
Total	**312.5**	**100.0**	257.5	100.0	55.0	21.4

Revenue generated by Company Equipment increased by $40.7 million, or 21.6 percent, to $229.1 million as compared to $188.4 million in 2020 and represented 73.3 percent of consolidated revenue in the current period as compared to 73.2 percent in 2020. Revenue related to Contractors increased by $13.5 million, or 19.9 percent, to $81.3 million as compared to $67.8 million in 2020 and represented 26.0 percent of consolidated revenue in the current period as compared to 26.3 percent in 2020.

Direct Operating Expenses

*Direct operating expenses ("**DOE**") include two main categories of expenses. The first category of DOE relates to the direct costs incurred to operate and maintain Company Equipment. The major DOE associated with operating Company Equipment are wages, (which was offset by CEWS), fuel, repairs and maintenance, purchased transportation and operating supplies. The other expenses included under DOE – Company mainly consist of short-term or low value leases, equipment rent, insurance and licensing costs. The second category of DOE are the costs incurred to hire Contractors, whether owner operators or subcontractors.*

Q2 Consolidated Direct Operating Expenses *(unaudited)* *($ millions)*	**2021**		**2020**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**57.3**	**25.0**	50.8	27.0	6.5	12.8
CEWS	**(4.8)**	**(2.1)**	(8.3)	(4.4)	3.5	(42.2)
Fuel	**20.4**	**8.9**	13.4	7.1	7.0	52.2
Repairs and maintenance	**28.5**	**12.4**	23.6	12.5	4.9	20.8
Purchased transportation	**29.5**	**12.9**	17.4	9.2	12.1	69.5
Operating supplies	**13.5**	**5.9**	12.2	6.5	1.3	10.7
Other	**7.1**	**3.1**	6.4	3.4	0.7	10.9
	151.5	**66.1**	115.5	61.3	36.0	31.2
Contractors	**60.7**	**74.7**	52.4	77.3	8.3	15.8
Total	**212.2**	**67.9**	167.9	65.2	44.3	26.4

**as a percentage of respective Consolidated revenue*

DOE were $212.2 million in the second quarter as compared to $167.9 million in 2020. This increase of $44.3 million, or 26.4 percent, was directly related to the $55.0 million increase in consolidated revenue.

DOE associated with Company Equipment increased to $151.5 million as compared to $115.5 million in 2020. This increase of $36.0 million, or 31.2 percent, was attributable to the $40.7 million, or 21.6 percent, increase in Company revenue that occurred during the quarter. As a percentage of Company revenue these expenses increased by 4.8 percent to 66.1 percent as compared to 61.3 percent in 2020 due to increased purchased transportation and higher fuel expenses. CEWS in the current period accounted for a $4.8 million reduction in expenses as compared to an $8.3 million reduction in 2020. Excluding CEWS, as a percentage of Company revenue these expenses increased by 2.5 percent to 68.2 percent as compared to 65.7 percent in 2020 due to an increase in purchased transportation and fuel expenses.

Contractors expense in the second quarter increased to $60.7 million as compared to $52.4 million in 2020. This $8.3 million, or 15.8 percent, increase was generally in line with the $13.5 million, or 19.9 percent, rise in Contractors revenue. As a percentage of revenue, Contractors expense decreased by 2.6 percent to 74.7 percent as compared to 77.3 percent in 2020.

Selling and Administrative Expenses

*Selling and administrative ("**S&A**") expenses include salaries (which was offset by CEWS), employee profit share and other administrative expenses incurred to support the operations of Mullen Group and its Business Units.*

Q2 Consolidated Selling and Administrative Expenses *(unaudited)* *($ millions)*	**2021**		**2020**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**25.9**	**8.3**	21.2	8.2	4.7	22.2
CEWS	**(1.6)**	**(0.5)**	(2.6)	(1.0)	1.0	(38.5)
Communications, utilities and general supplies	**12.0**	**3.8**	9.6	3.7	2.4	25.0
Profit share[(1)]	**2.7**	**0.9**	2.9	1.1	(0.2)	(6.9)
Foreign exchange	**0.4**	**0.1**	0.9	0.3	(0.5)	(55.6)
Stock-based compensation	**0.1**	**—**	0.4	0.2	(0.3)	(75.0)
Rent and other	**1.8**	**0.6**	2.2	0.9	(0.4)	(18.2)
Total	**41.3**	**13.2**	34.6	13.4	6.7	19.4

**as a percentage of total Consolidated revenue*

[(1)] The profit share calculation excludes any benefits received from the CEWS program.

S&A expenses for the period increased by $6.7 million to $41.3 million as compared to $34.6 million in 2020, largely due to the $4.5 million of incremental S&A expenses associated with acquisitions. CEWS in the current period accounted for a $1.6 million reduction in expenses as compared to a $2.6 million reduction in 2020. Excluding the effects of CEWS and foreign exchange, S&A expenses were reduced as a percentage of revenue to 13.6 percent as compared to 14.1 percent in 2020 due to the fixed nature of these expenses relative to the rise in revenue.

Operating Income Before Depreciation and Amortization

*Operating income before depreciation and amortization ("**OIBDA**") is net income before depreciation of property, plant and equipment, depreciation of right-of-use assets, amortization of intangible assets, finance costs, net foreign exchange gains and losses, other (income) expense and income taxes.*

Q2 Consolidated Operating Income Before Depreciation and Amortization *(unaudited)* *($ millions)*	**2021**		**2020**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Less-Than-Truckload	**23.5**	**39.8**	20.5	37.3	3.0	14.6
Logistics & Warehousing	**23.8**	**40.3**	17.5	31.8	6.3	36.0
Specialized & Industrial Services	**15.1**	**25.6**	19.8	36.0	(4.7)	(23.7)
Corporate	**(3.4)**	**(5.7)**	(2.8)	(5.1)	(0.6)	21.4
Total	**59.0**	**100.0**	55.0	100.0	4.0	7.3

OIBDA for the period was $59.0 million, or 18.9 percent of revenue, as compared to $55.0 million, or 21.4 percent, in 2020. For the period, CEWS accounted for $6.4 million versus $10.9 million, a decrease of $4.5 million year over year. Excluding CEWS, OIBDA increased by $8.5 million to $52.6 million for an operating margin[1] of 16.8 percent, fairly consistent with the 17.1 percent operating margin[1] achieved in 2020. The majority of the $8.5 million increase was due to the $7.9 million of incremental OIBDA generated by our acquisitions. Specifically, the $8.5 million increase in OIBDA was comprised of a $4.4 million increase in the Less-Than-Truckload segment, a $7.9 million increase in the Logistics & Warehousing segment, a $3.2 million decrease in the Specialized & Industrial Services segment and a $0.6 million increase in Corporate costs.

[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment was $17.1 million in the second quarter as compared to $17.9 million in 2020. This decrease of $0.8 million was mainly attributable to a lower amount of depreciation being recognized in the Specialized & Industrial Services segment, which was somewhat offset by a greater amount of depreciation being recorded in the Logistics & Warehousing and Less-Than-Truckload segments. Depreciation in the Corporate Office remained consistent on a year over year basis. Depreciation in the Specialized & Industrial Services segment decreased by $1.8 million and was mainly 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 in the Logistics & Warehousing segment increased by $0.6 million due to the incremental depreciation recognized from the acquisition of Bandstra. Depreciation in the Less-Than-Truckload segment increased by $0.4 million due to a greater amount of capital expenditures being made within this segment.

Depreciation of Right-of-Use Assets

Depreciation of right-of-use assets was $3.2 million in the second quarter of 2021 as compared to $2.9 million in 2020. The majority of our right-of-use assets consists of real property leases within the Less-Than-Truckload and Logistics & Warehousing segments. This increase of $0.3 million was mainly attributable to a greater amount of depreciation of right-of-use assets being recorded in the Logistics & Warehousing segment, which was due to the acquisition of Bandstra. Depreciation of right-of-use assets within the Specialized & Industrial Services and Less-Than-Truckload segments remained consistent on a year over year basis.

Amortization of Intangible Assets

Intangible assets are normally acquired on acquisitions and are mainly comprised of customer relationship values and non-competition agreements that are amortized over their estimated life from the date of acquisition. Amortization of intangible assets was $5.2 million in the second quarter as compared to $3.4 million in 2020. This increase of $1.8 million mainly resulted from the additional amortization recorded on the intangible assets associated with our recent acquisitions, which was somewhat offset by certain intangible assets becoming fully amortized.

Finance Costs

Finance costs consist of:

- Interest expense on financial liabilities, including:
    - U.S. $117.0 million of Series G Notes, U.S. $112.0 million of Series H Notes, $30.0 million of Series I Notes, $3.0 million of Series J Notes, $58.0 million of Series K Notes and $80.0 million of Series L Notes (collectively, the "**Private Placement Debt**");
    - the **Debentures** that were issued in June 2019;
    - lease liabilities; and
    - borrowings on the Bank Credit Facility.
- Less any interest income generated from the debentures issued to our equity investees and from cash and cash equivalents.

Finance costs were $7.2 million in the second quarter, which is consistent with the $7.2 million recognized in 2020. This was mainly attributable to a lower amount of interest expense being recorded on our U.S. dollar debt as a result of the change in the value of the Canadian dollar relative to the U.S. dollar being somewhat offset by a reduction in interest income being generated from cash and cash equivalents.

Net Foreign Exchange (Gain) Loss

We recognize foreign exchange gains or losses at the end of each reporting period related to our U.S. dollar debt and from our two cross-currency swap contracts. In 2014 we entered into two cross-currency swap contracts to swap the principal portion of the Series G (U.S. $117.0 million) and Series H (U.S. $112.0 million) Notes (collectively, the "**Cross-Currency Swaps**") into Canadian dollars at foreign exchange rates of $1.1047 and $1.1148 that mature on October 22, 2024 and October 22, 2026, respectively. These swap contracts were entered into as a method of hedging the U.S. debt notes against any declines in the Canadian dollar vis-à-vis the U.S. dollar.

The net foreign exchange gain was $1.2 million in the second quarter of 2021 as compared to a net foreign exchange gain of $5.2 million in 2020. The net foreign exchange gain of $1.2 million in 2021 resulted even though the principal portion of all our U.S. $229.0 million debt is hedged by our Cross-Currency Swaps. This gain is due to how our U.S. dollar debt and our Cross-Currency Swaps are valued for accounting purposes. Our U.S. dollar debt is valued at the end of each quarter using the closing exchange rate between the Canadian dollar vis-à-vis the U.S. dollar (the "**Spot Rate**"). In addition to the Spot Rate, our Cross-Currency Swaps are valued using a discounted value from maturity of the forward rate, which is influenced by changes in interest rate differentials between Canada and the United States. As the Cross-Currency Swaps get closer to maturity, their accounting value should more closely correlate to the value of our U.S. dollar debt. The variance of $4.0 million was mainly attributable to the change in the value of the Canadian dollar relative to the U.S. dollar. The details of the net foreign exchange (gain) loss are as follows:

Net Foreign Exchange (Gain) Loss	**Three month periods ended June 30**	
	CDN. $ Equivalent	
(unaudited) ***($ millions)***	**2021**	**2020**
Foreign exchange (gain) loss on U.S. $ debt	**(4.2)**	(12.8)
Foreign exchange loss (gain) on Cross-Currency Swaps	**3.0**	7.6
Net foreign exchange (gain) loss	**(1.2)**	(5.2)

Foreign Exchange (Gain) Loss on U.S. $ Debt

We recorded a foreign exchange gain of $4.2 million related to our U.S. dollar debt due to the $0.0181 strengthening of the Canadian dollar relative to the U.S. dollar during the second quarter of 2021. For the same period in 2020, we recorded a foreign exchange gain of $12.8 million due to the strengthening of the Canadian dollar relative to the U.S. dollar. The details of the foreign exchange (gain) loss on the U.S. dollar debt are summarized in the following table:

Foreign Exchange (Gain) Loss on U.S. $ Debt	**Three month periods ended June 30**					
	2021			**2020**		
(unaudited) ***($ millions, except exchange rate amounts)***	**U.S. $ Debt**	**Exchange Rate**	**CDN. $ Equivalent**	**U.S. $ Debt**	**Exchange Rate**	**CDN. $ Equivalent**
Ending – June 30	**229.0**	**1.2394**	**283.8**	229.0	1.3628	312.2
Beginning – March 31	**229.0**	**1.2575**	**288.0**	229.0	1.4187	325.0
Foreign exchange (gain) loss on U.S. $ debt			**(4.2)**			(12.8)

Foreign Exchange Loss (Gain) on Cross-Currency Swaps

On July 25, 2014, we entered into two Cross-Currency Swaps with a Canadian bank to swap U.S. $117.0 million and U.S. $112.0 million into Canadian currency at foreign exchange rates of $1.1047 and $1.1148 that mature on October 22, 2024 and October 22, 2026, respectively. The Cross-Currency Swaps convert the repayment of the principal portion of the Series G and Series H Notes into a Canadian currency equivalent of $129.2 million and $124.9 million, respectively. We record the foreign exchange gain or loss relating to these Cross-Currency Swaps within net foreign exchange (gain) loss on the condensed consolidated statement of comprehensive income, which is consistent with its underlying nature and purpose. The carrying value of these Cross-Currency Swaps are recorded within derivative financial instruments ("**Derivatives**") in the condensed consolidated statement of financial position.

We recorded a foreign exchange loss on Cross-Currency Swaps of $3.0 million in the second quarter of 2021 as compared to a $7.6 million loss in 2020. 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 Loss (Gain) on Cross-Currency Swaps	**Three month periods ended June 30**			
	2021		**2020**	
(unaudited) ***($ millions)***	**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	**117.0**	1.7	117.0	4.2
Cross-Currency Swap maturing October 22, 2026	**112.0**	1.3	112.0	3.4
Foreign exchange loss (gain) on Cross-Currency Swaps		3.0		7.6

Other (Income) Expense

Other (income) expense consists of the change in fair value of investments, the gain or loss on sale of the Corporation's assets including property, plant and equipment, earnings from equity investments and the gain on contingent consideration. Other income in the second quarter was $1.1 million, a $0.2 million positive variance as compared to the $0.9 million of other income recorded in 2020. The $0.2 million positive variance was due to the factors set forth below:

<u>Change in Fair Value of Investments (positive variance of $0.5 million)</u>. We periodically invest in certain public corporations. We recorded an increase in the fair value of investments of $0.7 million in the second quarter as compared to a $0.2 million increase in 2020. There were no investments purchased or sold in either the second quarter of 2021 or 2020.

<u>Loss on Sale of Property, Plant and Equipment (positive variance of $0.7 million)</u>. We recognized a nil loss on sale of property, plant and equipment on total consolidated proceeds on sale of $7.0 million in the second quarter as compared to a $0.7 million loss on sale of property, plant and equipment on total consolidated proceeds on sale of $2.2 million in 2020. The $0.7 million loss on sale of property, plant and equipment in 2020 mainly resulted from the sale of older equipment in the Specialized & Industrial Services segment.

<u>Earnings from Equity Investments (negative variance of $1.2 million)</u>. We recognized $0.2 million of earnings from equity investments in the second quarter as compared to earnings of $1.4 million in 2020. The $1.2 million negative variance was mainly due to declines in demand for their services. We use the equity method to account for investments in which we obtain significant influence or joint control over the investee and we recognize earnings from these equity investments from the date thereof. The following table details our equity investments and the date from which we commenced recording earnings from them.

Equity Investment	**Date of Significant Influence or Joint Control Obtained**
Canol Oilfield Services Inc.	January 1, 2013
Kriska Transportation Group Limited	December 1, 2014
Cordova Oilfield Services Ltd.	April 17, 2015
Butler Ridge Energy Services (2011) Ltd.	July 1, 2015
Thrive Management Group Ltd.	September 27, 2017

Gain on contingent consideration (positive variance of $0.2 million). On May 1, 2019, we acquired the business and assets of Jen Express Inc. ("**Jen Express**") for cash consideration of $1.5 million. Included in this amount was $0.3 million of contingent consideration. Pursuant to the purchase and sale agreement, the vendor could have received cash consideration of up to $0.3 million for achieving certain financial targets over the two year period ending May 1, 2021. Since Jen Express did not achieve all of these financial targets, we recognized a gain of $0.2 million in the second quarter of 2021.

Income Taxes

(unaudited) *($ millions)*	Three month periods ended June 30	
	2021	**2020**
Income before income taxes	**$ 28.6**	$ 29.7
Combined statutory tax rate	**25%**	26%
Expected income tax	**7.2**	7.7
Add (deduct):		
Non-deductible (taxable) portion of net foreign exchange (gain) loss	**(0.1)**	(0.3)
Non-deductible (taxable) portion of the change in fair value of investments	**(0.1)**	—
Stock-based compensation expense	**—**	0.1
Changes in unrecognized deferred tax asset	**—**	—
Other	**(0.1)**	(0.8)
Income tax expense	**$ 6.9**	$ 6.7

Income tax expense was $6.9 million in the second quarter of 2021 as compared to $6.7 million in 2020. The increase of $0.2 million was mainly attributable to changes in net foreign exchange.

Net Income

(unaudited) *($ millions, except share and per share amounts)*	Three month periods ended June 30		
	2021	**2020**	**% Change**
Net income	**$ 21.7**	$ 23.0	(5.7)
Weighted average number of Common Shares outstanding	**96,259,430**	102,369,236	(6.0)
Earnings per share – basic	**$ 0.23**	$ 0.23	—

Net income decreased to $21.7 million in the second quarter of 2021 as compared to $23.0 million in 2020. The factors contributing to the decrease in net income include:

- a $4.0 million negative variance in net foreign exchange;
- a $1.8 million increase in amortization of intangible assets;
- a $1.2 million decrease in earnings from equity investments;
- a $0.3 million increase in depreciation of right-of-use assets; and
- a $0.2 million increase in income tax expense.

These factors were somewhat offset by the following factors that increased net income:

- a $4.0 million increase in OIBDA;
- a $0.8 million decrease in depreciation of property, plant and equipment;

- a $0.7 million decrease in the loss on sale of property, plant and equipment;
- a $0.5 million positive variance in the fair value of investments; and
- a $0.2 million increase in gain on contingent consideration.

Basic earnings per share remained consistent at $0.23 in 2021 as compared to $0.23 in 2020. This resulted from the effect of the $1.3 million decrease in net income being offset by the reduction in the weighted average number of Common Shares outstanding, which decreased from 102,369,236 to 96,259,430 due to the repurchase and cancellation of Common Shares under the NCIB being partially offset by the issuance of 750,000 Common Shares due to the APPS acquisition.

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 from the gain on contingent consideration. Net income and basic earnings per share have been adjusted to reflect earnings from a strictly operating perspective.

(unaudited) ***($ millions, except share and per share amounts)***	**Three month periods ended June 30**			
		2021		**2020**
Income before income taxes	**$**	**28.6**	$	29.7
Add (deduct):				
Net foreign exchange (gain) loss		**(1.2)**		(5.2)
Change in fair value of investments		**(0.7)**		(0.2)
Gain on contingent consideration		**(0.2)**		—
Income before income taxes – adjusted		**26.5**		24.3
Income tax rate		**25%**		26%
Computed expected income tax expense		**6.6**		6.3
Net income – adjusted[(1)]		**19.9**		18.0
Weighted average number of Common Shares outstanding – basic		**96,259,430**		102,369,236
Earnings per share – adjusted[(1)]	**$**	**0.21**	$	0.18

[(1)] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

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SEGMENTED INFORMATION – THREE MONTH PERIOD ENDED JUNE 30, 2021

Three month period ended June 30, 2021 *(unaudited)* *($ millions)*	Less-Than -Truckload	Logistics & Warehousing	Specialized & Industrial Services	Corporate and intersegment eliminations	Total
	$	**$**	**$**	**$**	**$**
Revenue	**126.7**	**120.6**	**66.4**	**(1.2)**	**312.5**
Direct operating expenses	**86.8**	**83.8**	**43.8**	**(2.3)**	**212.1**
Selling and administrative expenses	**16.4**	**13.0**	**7.5**	**4.5**(1)	**41.4**
Operating income before depreciation and amortization	**23.5**	**23.8**	**15.1**	**(3.4)**	**59.0**
Net capital expenditures(2)	**4.7**	**2.3**	**1.5**	**(2.7)**	**5.8**

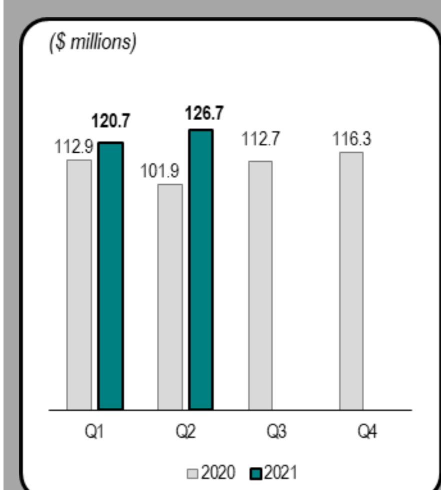
Three month period ended June 30, 2020 *(unaudited)* *($ millions)*	Less-Than -Truckload	Logistics & Warehousing	Specialized & Industrial Services	Corporate and intersegment eliminations	Total
	$	$	$	$	$
Revenue	101.9	82.8	73.5	(0.7)	257.5
Direct operating expenses	67.3	56.1	46.1	(1.6)	167.9
Selling and administrative expenses	14.1	9.2	7.6	3.7(3)	34.6
Operating income before depreciation and amortization	20.5	17.5	19.8	(2.8)	55.0
Net capital expenditures(2)	1.5	2.3	0.8	4.6	9.2

(1) *Includes a $0.4 million foreign exchange loss.*
(2) *Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".*
(3) *Includes a $0.6 million foreign exchange loss.*

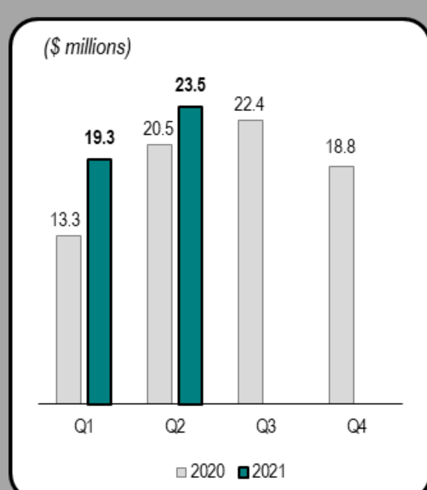
LESS-THAN-TRUCKLOAD SEGMENT

Summary – Trailing Six Quarters

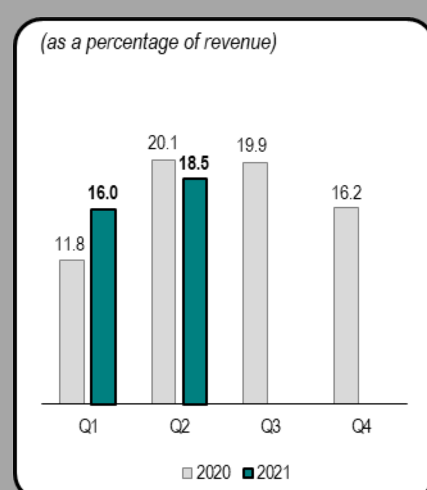
Revenue



OIBDA



Operating Margin[1]



[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

Revenue

Q2 Revenue – Less-Than-Truckload *(unaudited)* *($ millions)*	**2021**		**2020**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**118.4**	**93.4**	97.7	95.9	20.7	21.2
Contractors	**8.1**	**6.4**	4.2	4.1	3.9	92.9
Other	**0.2**	**0.2**	—	—	0.2	—
Total	**126.7**	**100.0**	101.9	100.0	24.8	24.3

Segment revenue increased by $24.8 million, or 24.3 percent, to $126.7 million as compared to $101.9 million in 2020 and represented 40.4 percent of pre-consolidated revenue as compared to 39.5 percent in 2020. This increase in revenue was mainly attributable to increased freight demand and acquisitions. Adjusted for fuel surcharge fluctuations and acquisitions, revenue grew by 13.9 percent year over year. This compares favorably to the 9.3 percent decline experienced in the second quarter of 2020. On a sequential basis, revenue in this segment grew by 5.0 percent. Specific factors affecting segment revenue were:

- a $6.4 million increase in revenue generated from the acquisition of PCX;
- a strong performance by Gardewine that grew revenue by approximately $10.0 million; and
- an increase of $5.5 million in fuel surcharge revenue to $15.1 million, from the $9.6 million generated in 2020 resulting from the rise in diesel fuel prices.

Direct Operating Expenses

Q2 Direct Operating Expenses – Less-Than-Truckload *(unaudited)* *($ millions)*	**2021**		**2020**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**29.8**	**25.2**	26.5	27.1	3.3	12.5
CEWS	**(0.3)**	**(0.3)**	(1.6)	(1.6)	1.3	(81.3)
Fuel	**11.9**	**10.1**	8.3	8.5	3.6	43.4
Repairs and maintenance	**12.1**	**10.2**	10.6	10.8	1.5	14.2
Purchased transportation	**22.6**	**19.1**	15.8	16.2	6.8	43.0
Operating supplies	**1.8**	**1.5**	1.2	1.2	0.6	50.0
Other	**3.6**	**3.0**	3.0	3.1	0.6	20.0
	81.5	**68.8**	63.8	65.3	17.7	27.7
Contractors	**5.3**	**65.4**	3.5	83.3	1.8	51.4
Total	**86.8**	**68.5**	67.3	66.0	19.5	29.0

**as a percentage of respective Less-Than-Truckload revenue*

DOE were $86.8 million as compared to $67.3 million in 2020. The increase of $19.5 million, or 29.0 percent, was directly related to the $24.8 million, or 24.3 percent, increase in segment revenue. As a percentage of revenue these expenses increased by 2.5 percent to 68.5 percent as compared to 66.0 percent in 2020, largely as a result of an increase in purchased transportation expenses and the substantial amount of CEWS received in 2020. Excluding CEWS, DOE increased by 1.1 percent as a percentage of revenue to 68.7 percent as compared to 67.6 percent in 2020.

DOE associated with Company Equipment increased by $17.7 million, or 27.7 percent, to $81.5 million as compared to $63.8 million in 2020. This increase was generally in line with the $20.7 million, or 21.2 percent, increase in Company revenue. As a percentage of Company revenue these expenses increased by 3.5 percent to 68.8 percent as compared to 65.3 percent in 2020, primarily due to the change in the amount of CEWS received, higher fuel costs and purchased transportation expense. In 2020 CEWS was $1.6 million as compared to $0.3 million in 2021.

Fuel expense increased to 10.1 percent as a percentage of revenue as compared to 8.5 percent in 2020 due to the 58.7 percent rise in diesel fuel prices.

Contractors expense increased by $1.8 million to $5.3 million as compared to $3.5 million in 2020. This increase was directly related to the $3.9 million increase in Contractors revenue. As a percentage of Contractors revenue, Contractors expense decreased to 65.4 percent as compared to 83.3 percent in 2020.

Selling and Administrative Expenses

Q2 Selling and Administrative Expenses – Less-Than-Truckload *(unaudited)* *($ millions)*	**2021**		**2020**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**10.4**	**8.3**	8.8	8.6	1.6	18.2
CEWS	**(0.2)**	**(0.2)**	(0.3)	(0.3)	0.1	(33.3)
Communications, utilities and general supplies	**4.6**	**3.6**	3.8	3.7	0.8	21.1
Profit share	**1.1**	**0.9**	0.9	0.9	0.2	22.2
Foreign exchange	**—**	**—**	—	—	—	—
Rent and other	**0.5**	**0.3**	0.9	0.9	(0.4)	(44.4)
Total	**16.4**	**12.9**	14.1	13.8	2.3	16.3

**as a percentage of total Less-Than-Truckload revenue*

S&A expenses increased by $2.3 million to $16.4 million as compared to $14.1 million in 2020, primarily due to the $1.0 million of incremental S&A expenses associated with the acquisition of PCX being partially offset by cost savings initiatives. S&A expenses as a percentage of segment revenue declined by 0.9 percent to 12.9 percent as compared to 13.8 percent in 2020. Excluding CEWS, S&A expenses as a percentage of segment revenue were 13.1 percent as compared to 14.1 percent in 2020.

Operating Income Before Depreciation and Amortization

OIBDA increased by $3.0 million, or 14.6 percent, to $23.5 million as compared to $20.5 million in 2020. The increase in OIBDA was due to strong results by Gardewine and $1.2 million of incremental OIBDA generated by PCX. Operating margin[1] decreased to 18.5 percent as compared to 20.1 percent in 2020 due to the sizeable amount of CEWS received in 2020 as compared to 2021. Excluding CEWS, the operating margin[1] was consistent at 18.2 percent as compared to 18.3 percent in 2020.

Capital Expenditures

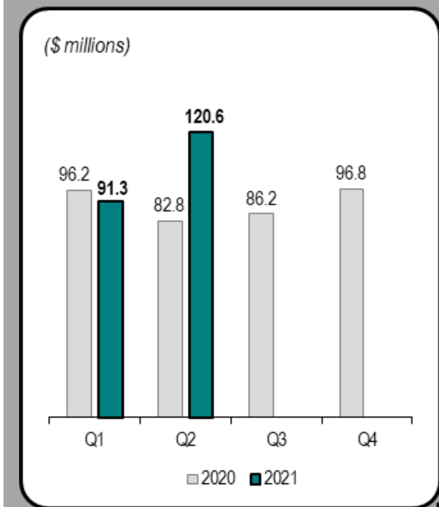
Net capital expenditures[1] were $4.7 million in the second quarter, an increase of $3.2 million as compared to $1.5 million in 2020. The Less-Than-Truckload segment had gross capital expenditures of $5.2 million and dispositions of $0.5 million for net capital expenditures[1] of $4.7 million in 2021. The majority of the capital invested consisted of trucks and trailers to support growth opportunities as well as replace some older less efficient equipment. In 2020 gross capital expenditures were $1.7 million and dispositions were $0.2 million for net capital expenditures[1] of $1.5 million.

[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

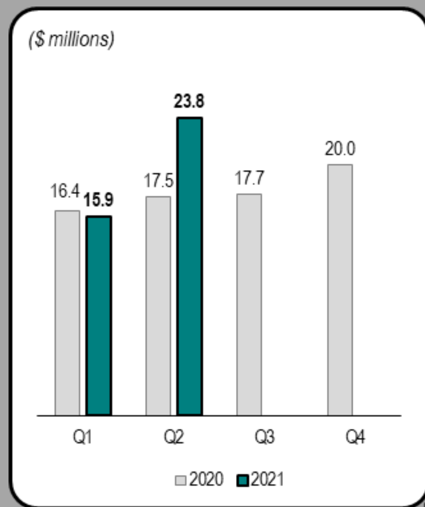
LOGISTICS & WAREHOUSING SEGMENT

Summary – Trailing Six Quarters

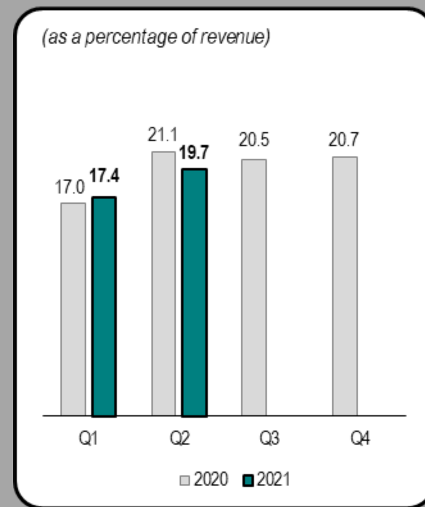
Revenue



OIBDA



Operating Margin[1]



Revenue

Q2 Revenue – Logistics & Warehousing ***(unaudited)*** ***($ millions)***	**2021**		**2020**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**55.9**	**46.4**	30.6	37.0	25.3	82.7
Contractors	**64.3**	**53.3**	52.0	62.8	12.3	23.7
Other	**0.4**	**0.3**	0.2	0.2	0.2	100.0
Total	**120.6**	**100.0**	82.8	100.0	37.8	45.7

Segment revenue rose by $37.8 million, or 45.7 percent, to $120.6 million as compared to $82.8 million in 2020 and represented 38.4 percent of pre-consolidated revenue as compared to 32.1 percent in 2020. The majority of the increase, specifically $25.0 million, was due to acquisitions. Further, fuel surcharge revenue increased by $2.5 million to $6.8 million as compared to $4.3 million in 2020 due to higher diesel fuel prices. Adjusted for fuel surcharge fluctuations and acquisitions, the Logistics & Warehousing segment grew by 13.1 percent year over year. Comparatively, this segment experienced an 18.9 percent decline in revenue in the second quarter of 2020. On a sequential basis, excluding the Bandstra and Tri Point acquisitions, revenue in this segment grew by approximately 8.0 percent.

Revenue related to Company Equipment increased by $25.3 million, or 82.7 percent, to $55.9 million as compared to $30.6 million in 2020 and represented 46.4 percent of segment revenue in the current period as compared to 37.0 percent in 2020. Revenue related to Contractors increased by $12.3 million, or 23.7 percent, to $64.3 million as compared to $52.0 million in 2020 and represented 53.3 percent of segment revenue in the current period as compared to 62.8 percent in 2020.

[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

Direct Operating Expenses

Q2 Direct Operating Expenses – Logistics & Warehousing *(unaudited)* *($ millions)*	**2021**		**2020**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**13.0**	**23.3**	8.0	26.1	5.0	62.5
CEWS	**(0.7)**	**(1.3)**	(1.9)	(6.2)	1.2	(63.2)
Fuel	**4.7**	**8.4**	2.0	6.5	2.7	135.0
Repairs and maintenance	**6.2**	**11.1**	4.1	13.4	2.1	51.2
Purchased transportation	**6.5**	**11.6**	1.1	3.6	5.4	490.9
Operating supplies	**3.6**	**6.4**	2.5	8.2	1.1	44.0
Other	**1.9**	**3.5**	1.3	4.3	0.6	46.2
	35.2	**63.0**	17.1	55.9	18.1	105.8
Contractors	**48.6**	**75.6**	39.0	75.0	9.6	24.6
Total	**83.8**	**69.5**	56.1	67.8	27.7	49.4

**as a percentage of respective Logistics & Warehousing revenue*

DOE expressed as a percentage of revenue increased by 1.7 percent to 69.5 percent as compared to 67.8 percent in 2020 due to higher fuel costs and the reduction in CEWS. Total DOE were $83.8 million as compared to $56.1 million in 2020. The increase of $27.7 million, or 49.4 percent, was generally in line with the $37.8 million, or 45.7 percent, increase in segment revenue.

DOE related to Company Equipment increased by $18.1 million, or 105.8 percent, to $35.2 million as compared to $17.1 million in 2020. This increase was generally in proportion to the $25.3 million increase in Company revenue. In terms of a percentage of revenue, Company expenses increased by 7.1 percent to 63.0 percent as compared to 55.9 percent in 2020. This increase was primarily due to the reduction in CEWS as well as increased fuel costs associated with the rise in diesel prices. In 2020 CEWS accounted for a $1.9 million reduction in wages as compared to $0.7 million reduction in 2021.

Contractors expense increased by $9.6 million to $48.6 million as compared to $39.0 million in 2020. This increase was generally in line with the $12.3 million increase in Contractors revenue. As a percentage of Contractors revenue, Contractors expense increased by 0.6 percent to 75.6 percent as compared to 75.0 percent in 2020.

Selling and Administrative Expenses

Q2 Selling and Administrative Expenses – Logistics & Warehousing *(unaudited)* *($ millions)*	**2021**		**2020**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**8.6**	**7.1**	6.1	7.4	2.5	41.0
CEWS	**(0.4)**	**(0.3)**	(0.8)	(1.0)	0.4	(50.0)
Communications, utilities and general supplies	**3.1**	**2.6**	2.2	2.7	0.9	40.9
Profit share	**1.0**	**0.8**	0.9	1.1	0.1	11.1
Foreign exchange	**0.1**	**0.1**	0.3	0.4	(0.2)	(66.7)
Rent and other	**0.6**	**0.5**	0.5	0.5	0.1	20.0
Total	**13.0**	**10.8**	9.2	11.1	3.8	41.3

**as a percentage of total Logistics & Warehousing revenue*

S&A expenses were $13.0 million as compared to $9.2 million in 2020. The increase of $3.8 million was primarily due to $3.1 million of incremental S&A expenses associated with our new acquisitions as well as a $0.4 million reduction in CEWS. S&A expenses as a percentage of segment revenue declined by 0.3 percent to 10.8 percent as compared to 11.1 percent in 2020. Excluding the effects of CEWS and foreign exchange, S&A expenses as a percentage of segment revenue was reduced to 11.0 percent as compared to 11.7 percent in 2020 due to the fixed nature of these expenses relative to the rise in revenue.

Operating Income Before Depreciation and Amortization

OIBDA increased by $6.3 million, or 36.0 percent, to $23.8 million as compared to $17.5 million generated in 2020. The majority of this rise in OIBDA was due to our recent acquisitions in this segment that added $6.2 million of incremental OIBDA. Operating margin[1] decreased by 1.4 percent to 19.7 percent as compared to 21.1 percent in 2020. Excluding CEWS and foreign exchange, operating margin[1] rose to 18.9 percent as compared to 18.2 percent in 2020.

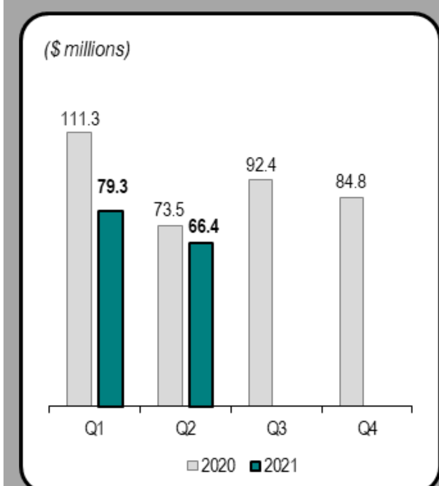
Capital Expenditures

Net capital expenditures[1] were $2.3 million in the second quarter of 2021, which is consistent with the $2.3 million recognized in 2020. The Logistics & Warehousing segment had gross capital expenditures of $3.2 million and dispositions of $0.9 million for net capital expenditures[1] of $2.3 million in 2021. The majority of the capital invested was to purchase trucks, trailers and operating equipment to replace some older less efficient equipment. We also commenced construction of a new salt warehouse at our Esterhazy, Saskatchewan production facility, which will both improve the efficiency of our operations and increase capacity levels to meet growing customer demand. In 2020 gross capital expenditures were $2.5 million and dispositions were $0.2 million for net capital expenditures[1] of $2.3 million.

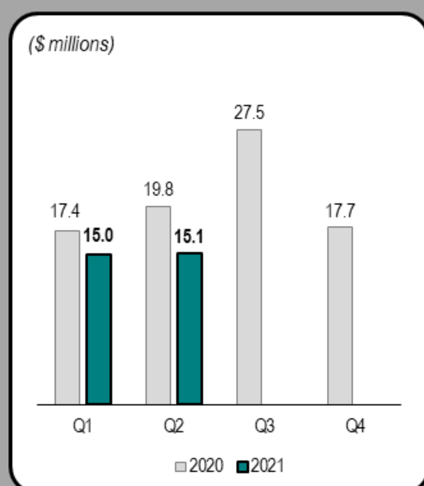
SPECIALIZED & INDUSTRIAL SERVICES SEGMENT

Summary – Trailing Six Quarters

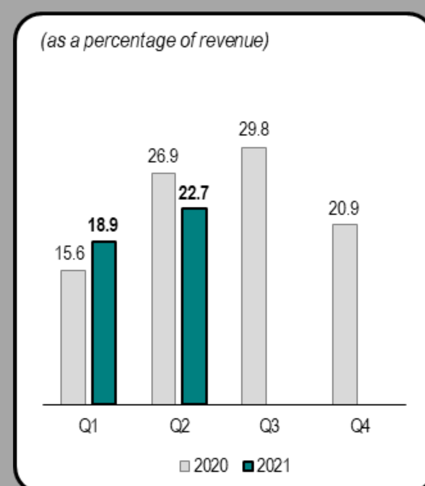
Revenue



OIBDA



Operating Margin[1]



Revenue

Q2 Revenue – Specialized & Industrial Services *(unaudited)* *($ millions)*	**2021**		**2020**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**54.6**	**82.2**	60.3	82.0	(5.7)	(9.5)
Contractors	**11.4**	**17.2**	13.2	18.0	(1.8)	(13.6)
Other	**0.4**	**0.6**	—	—	0.4	—
Total	**66.4**	**100.0**	73.5	100.0	(7.1)	(9.7)

Segment revenue declined by $7.1 million, or 9.7 percent, to $66.4 million as compared to $73.5 million in 2020 and represented 21.2 percent of pre-consolidated revenue as compared to 28.4 percent of pre-consolidated

[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

revenue in 2020. This decline in revenue was mainly attributable to lower demand for large diameter pipeline hauling and stringing services due to project delays related to COVID-19 and environmental restrictions being partially offset by stronger demand for fluid hauling and drilling related services. Specific factors affecting the segment revenue were:

- a $13.1 million decrease in revenue generated by those Business Units providing specialized services to the oil sands, environmental, construction, pipeline, utility, telecom and water management industries, including a $12.6 million decrease in pipeline hauling and stringing services revenue being somewhat offset by $3.2 million of incremental new revenue associated with the acquisition of Babine;

- a $3.2 million increase in revenue generated by those Business Units involved in the transportation of fluids and servicing of wells due to the rebound in demand as a result of the higher oil prices; and

- a $2.8 million increase in revenue generated by those Business Units most directly tied to oil and natural gas drilling activity as the demand for most services was severely impacted by the loss of drilling activity in the Western Canadian Sedimentary Basin in 2020 that have rebounded somewhat yet remain below historical activity levels.

Direct Operating Expenses

Q2 Direct Operating Expenses – Specialized & Industrial Services

(unaudited) ***($ millions)***	**2021**		**2020**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**14.4**	**26.4**	16.3	27.0	(1.9)	(11.7)
CEWS	**(3.8)**	**(7.0)**	(4.8)	(7.9)	1.0	(20.8)
Fuel	**3.9**	**7.1**	3.2	5.3	0.7	21.9
Repairs and maintenance	**10.2**	**18.7**	8.8	14.6	1.4	15.9
Purchased transportation	**0.5**	**0.9**	0.5	0.8	—	—
Operating supplies	**8.0**	**14.7**	8.6	14.3	(0.6)	(7.0)
Other	**1.4**	**2.6**	1.8	2.9	(0.4)	(22.2)
	34.6	**63.4**	34.4	57.0	0.2	0.6
Contractors	**9.2**	**80.7**	11.7	88.6	(2.5)	(21.4)
Total	**43.8**	**66.0**	46.1	62.7	(2.3)	(5.0)

**as a percentage of respective Specialized & Industrial Services revenue*

DOE were $43.8 million as compared to $46.1 million in 2020. The decrease of $2.3 million, or 5.0 percent, was directly related to the $7.1 million, or 9.7 percent, decline in segment revenue. As a percentage of revenue these expenses increased by 3.3 percent to 66.0 percent as compared to 62.7 percent in 2020. Excluding CEWS, these expenses increased by 2.4 percent as a percentage of revenue to 71.7 percent as compared to 69.3 percent in 2020 due to the change in revenue mix.

DOE associated with Company Equipment increased by $0.2 million, or 0.6 percent, to $34.6 million as compared to $34.4 million in 2020. This increase was despite the $5.7 million, or 9.5 percent, decrease in Company revenue. As a percentage of Company revenue these expenses increased by 6.4 percent to 63.4 percent as compared to 57.0 percent in 2020, primarily due to higher repairs and maintenance expense and higher fuel costs. CEWS in the current period accounted for a $3.8 million reduction in expenses as compared to a $4.8 million reduction in 2020. Excluding CEWS, DOE associated with Company Equipment as a percentage of Company revenue increased by 5.3 percent to 70.3 percent as compared to 65.0 percent in 2020 due to higher repairs and maintenance, and fuel expenses.

Contractors expense decreased by $2.5 million to $9.2 million as compared to $11.7 million in 2020. As a percentage of Contractors revenue, Contractors expense decreased to 80.7 percent as compared to 88.6 percent due to the greater availability of subcontractors.

Selling and Administrative Expenses

Q2 Selling and Administrative Expenses – Specialized & Industrial Services *(unaudited)* *($ millions)*	2021		2020		Change	
	$	%*	$	%*	$	%
Wages and benefits	**5.0**	**7.5**	5.0	6.8	—	—
CEWS	**(1.0)**	**(1.5)**	(1.5)	(2.0)	0.5	(33.3)
Communications, utilities and general supplies	**2.8**	**4.2**	2.7	3.7	0.1	3.7
Profit share	**0.6**	**0.9**	1.1	1.5	(0.5)	(45.5)
Foreign exchange	**—**	**—**	—	—	—	—
Rent and other	**0.1**	**0.2**	0.3	0.3	(0.2)	(66.7)
Total	**7.5**	**11.3**	7.6	10.3	(0.1)	(1.3)

**as a percentage of total Specialized & Industrial Services revenue*

S&A expenses decreased by $0.1 million to $7.5 million as compared to $7.6 million in 2020, primarily due to the reduction in profit share expense being offset by a reduction in CEWS. In 2020 CEWS was $1.5 million as compared to $1.0 million in 2021. S&A expenses as a percentage of segment revenue increased by 1.0 percent to 11.3 percent as compared to 10.3 percent in 2020. Excluding the effects of CEWS, S&A expenses as a percentage of revenue increased to 12.8 percent as compared to 12.4 percent in 2020 due to the fixed nature of these expenses relative to the decline in revenue.

Operating Income Before Depreciation and Amortization

OIBDA decreased by $4.7 million, or 23.7 percent, to $15.1 million as compared to $19.8 million in 2020. The majority of the decline was due to a $3.1 million decline in OIBDA generated by Premay Pipeline and the $1.5 million reduction in CEWS. Operating margin[1] decreased to 22.7 percent as compared to 26.9 percent in 2020. Adjusted for CEWS, operating margin[1] was 15.5 percent as compared to 18.4 percent in 2020 due to a change in revenue mix associated with large diameter pipeline projects.

Specifically, the $4.7 million year over year decrease in OIBDA can be attributed to the following:

- a $5.2 million decrease relating to those Business Units providing specialized services including pipeline stockpiling and stringing services;
- a $0.4 million increase in those Business Units involved in the transportation of fluids and servicing of wells; and
- a $0.1 million increase from those Business Units tied to drilling and drilling related activity.

Capital Expenditures

Net capital expenditures[1] were $1.5 million in the second quarter, an increase of $0.7 million as compared to $0.8 million in 2020. The Specialized & Industrial Services segment had gross capital expenditures of $4.5 million and dispositions of $3.0 million for net capital expenditures[1] of $1.5 million in 2021. The majority of the capital invested consisted of pumps and water management equipment along with civil construction equipment to support demand at Canadian Dewatering L.P. ("**Canadian Dewatering**") and Smook Contractors Ltd. ("**Smook**"), respectively. In 2020 gross capital expenditures were $2.8 million and dispositions were $2.0 million for net capital expenditures[1] of $0.8 million.

[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

CORPORATE

The Corporate Office provides support to the Business Units including coordinating business strategies, monitoring financial and business performance and providing shared services such as payroll services, human resource support, information technology support, legal support and accounting services. The Corporate Office also owns a network of real estate holdings and facilities, through its subsidiary MT, which are leased primarily to the Business Units. Such properties are leased on commercially reasonable terms. In addition, the Corporate Office is responsible for capital allocation to the Business Units as well as all regulatory and public reporting.

The Corporate Office recorded a loss of $3.4 million in the second quarter of 2021 as compared to a loss of $2.8 million in 2020. The $0.6 million increase in loss was mainly attributable to higher facility repair costs associated with our $621.3 million real estate network. We also recognized higher salaries and acquisition related costs. These increases were somewhat offset by a positive variance in foreign exchange and from lower stock-based compensation expense.

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CONSOLIDATED FINANCIAL RESULTS – SIX MONTH PERIOD ENDED JUNE 30, 2021

Revenue

Consolidated Revenue by Segment **Six month periods ended June 30** ***(unaudited)*** ***($ millions)***	**2021**		**2020**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Less-Than-Truckload	**247.4**	**40.9**	214.8	37.1	32.6	15.2
Logistics & Warehousing	**211.9**	**35.0**	179.0	30.9	32.9	18.4
Specialized & Industrial Services	**145.7**	**24.1**	184.8	32.0	(39.1)	(21.2)
Corporate and intersegment eliminations	**(2.0)**	**—**	(2.9)	—	0.9	—
Total	**603.0**	**100.0**	575.7	100.0	27.3	4.7

**as a percentage of pre-consolidated revenue*

Consolidated revenue increased by $27.3 million, or 4.7 percent, to $603.0 million as compared to $575.7 million in 2020. The revenue improvement was primarily attributed to acquisitions, including Bandstra, Babine, Tri Point, PCX and IWD, as overall freight demand and economic activity in North America has been impacted by government mandated restrictions and business closures since the second quarter of 2020. The timing and extent of the restrictions have had a direct impact on quarterly activity and revenue. However, as restrictions are lifted and economy activity rebounds, freight demand improves quickly. This is very evident in our quarterly performance in 2021 where revenue declined in the first quarter by $27.7 million, a period when restrictions were at the peak, recovering by $55.0 million in the second quarter.

For the six month period, revenues in the Less-Than-Truckload segment were the least impacted by business closures due to strong consumer demand, as well as the acquisition of PCX, rising by $32.6 million to $247.4 million, an increase of 15.2 percent year over year. In the Logistics & Warehousing segment revenue increased by $32.9 million to $211.9 million representing an increase of 18.4 percent. The improvement year over year is due to three acquisitions, including Bandstra, Tri Point and IWD, as overall freight demand was negatively impacted by business restrictions for most of 2021. The Specialized & Industrial Services segment was impacted the most by the restrictions as several construction and large diameter pipeline projects were temporarily halted. These delays decreased segment revenue by $39.1 million, or 21.2 percent, to $145.7 million.

Consolidated Revenue **Six month periods ended June 30** ***(unaudited)*** ***($ millions)***	**2021**		**2020**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**433.5**	**71.9**	416.8	72.4	16.7	4.0
Contractors	**166.1**	**27.5**	156.5	27.2	9.6	6.1
Other	**3.4**	**0.6**	2.4	0.4	1.0	41.7
Total	**603.0**	**100.0**	575.7	100.0	27.3	4.7

Revenue related to Company Equipment increased by $16.7 million, or 4.0 percent, to $433.5 million as compared to $416.8 million in 2020 and represented 71.9 percent of consolidated revenue in the current period as compared to 72.4 percent in 2020. Revenue related to Contractors increased by $9.6 million, or 6.1 percent, to $166.1 million as compared to $156.5 million in 2020, and represented 27.5 percent of consolidated revenue in the current period as compared to 27.2 percent in 2020.

Direct Operating Expenses

Consolidated Direct Operating Expenses **Six month periods ended June 30** ***(unaudited)*** ***($ millions)***	**2021**		**2020**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**112.3**	**25.9**	112.7	27.0	(0.4)	(0.4)
CEWS	**(9.1)**	**(2.1)**	(8.3)	(2.0)	(0.8)	9.6
Fuel	**40.3**	**9.3**	34.9	8.4	5.4	15.5
Repairs and maintenance	**55.1**	**12.7**	53.2	12.8	1.9	3.6
Purchased transportation	**51.5**	**11.9**	41.7	10.0	9.8	23.5
Operating supplies	**28.9**	**6.7**	32.5	7.8	(3.6)	(11.1)
Other	**13.7**	**3.1**	13.0	3.1	0.7	5.4
	292.7	**67.5**	279.7	67.1	13.0	4.6
Contractors	**124.4**	**74.9**	120.7	77.1	3.7	3.1
Total	**417.1**	**69.2**	400.4	69.6	16.7	4.2

**as a percentage of respective Consolidated revenue*

DOE in 2021 were $417.1 million as compared to $400.4 million in 2020. The increase of $16.7 million, or 4.2 percent, was attributable to the $27.3 million, or 4.7 percent, increase in consolidated revenue. As a percentage of revenue these expenses decreased slightly to 69.2 percent as compared to 69.6 percent in 2020 due to inflation that has manifested into higher purchased transportation expense and higher fuel costs in all segments being offset by a greater amount of CEWS in 2021.

In 2021 DOE associated with Company Equipment increased to $292.7 million as compared to $279.7 million in 2020. The increase of $13.0 million, or 4.6 percent, was attributable to the $16.7 million, or 4.0 percent, increase in Company revenue. As a percentage of Company revenue these expenses increased to 67.5 percent as compared to 67.1 percent in 2020 due to higher purchased transportation expense and higher fuel costs. CEWS in the current period accounted for a $9.1 million reduction in expenses as compared to an $8.3 million reduction in 2020. Excluding CEWS, these expenses increased as a percentage of revenue to 69.6 percent as compared to 69.1 percent in 2020.

Contractors expense in 2021 increased by 3.1 percent to $124.4 million, as compared to $120.7 million in 2020. This $3.7 million increase was generally in line with the $9.6 million, or 6.1 percent, increase in Contractors revenue. As a percentage of Contractors revenue, Contractors expense decreased by 2.2 percent to 74.9 percent as compared to 77.1 percent in 2020 due to the greater availability of subcontractors in certain markets.

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Selling and Administrative Expenses

Consolidated Selling and Administrative Expenses Six month periods ended June 30 *(unaudited)* *($ millions)*	2021		2020		Change	
	$	%*	$	%*	$	%
Wages and benefits	**50.0**	**8.2**	46.6	8.1	3.4	7.3
CEWS	**(3.3)**	**(0.5)**	(2.6)	(0.5)	(0.7)	26.9
Communications, utilities and general supplies	**23.8**	**3.9**	21.6	3.8	2.2	10.2
Profit share[(1)]	**5.2**	**0.9**	6.0	1.0	(0.8)	(13.3)
Foreign exchange	**0.9**	**0.1**	(1.3)	(0.2)	2.2	(169.2)
Stock-based compensation	**0.2**	**—**	0.7	0.1	(0.5)	(71.4)
Rent and other	**3.0**	**0.6**	4.1	0.7	(1.1)	(26.8)
Total	**79.8**	**13.2**	75.1	13.0	4.7	6.3

**as a percentage of total Consolidated revenue*

(1) The profit share calculation excludes any benefits received from the CEWS program.

S&A expenses increased to $79.8 million in 2021 as compared to $75.1 million in 2020. The increase of $4.7 million was primarily due to the $5.9 million of incremental S&A expenses associated with our acquisitions as well as a $2.2 million negative variance on foreign exchange being partially offset by a greater amount of CEWS in 2021. Excluding CEWS, S&A expenses rose to 13.8 percent of revenue as compared to 13.5 percent in 2020 due to the negative variance on foreign exchange.

Operating Income Before Depreciation and Amortization

Consolidated Operating Income Before Depreciation and Amortization Six month periods ended June 30 *(unaudited)* *($ millions)*	2021		2020		Change	
	$	%	$	%	$	%
Less-Than-Truckload	**42.8**	**40.3**	33.8	33.7	9.0	26.6
Logistics & Warehousing	**39.7**	**37.4**	33.9	33.8	5.8	17.1
Specialized & Industrial Services	**30.1**	**28.4**	37.2	37.1	(7.1)	(19.1)
Corporate	**(6.5)**	**(6.1)**	(4.7)	(4.6)	(1.8)	38.3
Total	**106.1**	**100.0**	100.2	100.0	5.9	5.9

OIBDA for the period was $106.1 million, or 17.6 percent of revenue, as compared to $100.2 million, or 17.4 percent, in 2020. The $5.9 million, or 5.9 percent, increase was primarily due to $9.4 million of incremental OIBDA generated by our recent acquisitions. The $5.9 million increase in OIBDA was comprised of a $9.0 million increase in the Less-Than-Truckload segment, a $5.8 million increase in the Logistics & Warehousing segment, a $7.1 million decline in the Specialized & Industrial Services segment and a $1.8 million increase in Corporate costs. Excluding CEWS, OIBDA increased to $93.7 million as compared to $89.3 million in 2020 and operating margin[1] was stable at 15.5 percent.

[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment was $33.9 million in the first six months of 2021 as compared to $35.4 million in 2020. This decrease of $1.5 million was mainly attributable to a lower amount of depreciation being recognized in the Specialized & Industrial Services segment, which was somewhat offset by a greater amount of depreciation being recorded in the Less-Than-Truckload and Logistics & Warehousing segments. Depreciation in the Corporate Office remained consistent on a year over year basis. Depreciation in the Specialized & Industrial Services segment decreased by $3.5 million and was mainly 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 in the Less-Than-Truckload segment increased by $1.4 million due to a greater amount of capital expenditures being made within this segment. Depreciation in the Logistics & Warehousing segment increased by $0.6 million due to the incremental depreciation recognized from the acquisition of Bandstra.

Depreciation of Right-of-Use Assets

Depreciation of right-of-use assets was $6.2 million in the first six months of 2021 as compared to $5.8 million in 2020. The majority of our right-of-use assets consists of real property leases within the Less-Than-Truckload segment and the Logistics & Warehousing segment. This increase of $0.4 million was mainly attributable to a greater amount of depreciation of right-of-use assets being recorded in the Logistics & Warehousing segment by virtue of the leases acquired in our recent acquisitions. Depreciation of right-of-use assets within the Specialized & Industrial Services and Less-Than-Truckload segments remained consistent on a year over year basis.

Amortization of Intangible Assets

Amortization of intangible assets was $10.2 million in the first six months of 2021 as compared to $8.4 million in 2020. This increase of $1.8 million mainly resulted from the additional amortization recorded on the intangible assets associated with our recent acquisitions, which was somewhat offset by certain intangible assets becoming fully amortized.

Finance Costs

Finance costs were $14.2 million in the first six months of 2021 as compared to $14.4 million in 2020. The decrease of $0.2 million was mainly attributable to a lower amount of interest expense being recorded on our U.S. dollar debt as a result of the change in the value of the Canadian dollar relative to the U.S. dollar. This decrease was somewhat offset by a reduction in interest income being generated from cash and cash equivalents.

Net Foreign Exchange (Gain) Loss

The net foreign exchange gain was $1.3 million in the first six months of 2021 as compared to a gain of $2.4 million in 2020. The components of net foreign exchange gain are as follows:

Net Foreign Exchange (Gain) Loss	**Six month periods ended June 30**	
	CDN. $ Equivalent	
(unaudited) ***($ millions)***	**2021**	**2020**
Foreign exchange (gain) loss on U.S. $ debt	**(7.8)**	14.7
Foreign exchange loss (gain) on Cross-Currency Swaps	**6.5**	(17.1)
Net foreign exchange (gain) loss	**(1.3)**	(2.4)

Foreign Exchange (Gain) Loss on U.S. $ Debt

We recorded a foreign exchange gain of $7.8 million related to the Corporation's U.S. dollar debt due to the $0.0338 strengthening of the Canadian dollar relative to the U.S. dollar in the first six months of 2021. For the same period in 2020 we recorded a foreign exchange loss of $14.7 million due to the weakening of the Canadian dollar relative to the U.S. dollar. The details of the foreign exchange (gain) loss on U.S. dollar debt are summarized in the table below:

Foreign Exchange (Gain) Loss on U.S. $ Debt	**Six month periods ended June 30**					
	2021			**2020**		
(unaudited) ***($ millions, except exchange rate amounts)***	**U.S. $ Debt**	**Exchange Rate**	**CDN. $ Equivalent**	**U.S. $ Debt**	**Exchange Rate**	**CDN. $ Equivalent**
Ending – June 30	**229.0**	**1.2394**	**283.8**	229.0	1.3628	312.2
Beginning – January 1	**229.0**	**1.2732**	**291.6**	229.0	1.2988	297.5
Foreign exchange (gain) loss on U.S. $ debt			**(7.8)**			14.7

Foreign Exchange Loss (Gain) on Cross-Currency Swaps

We recorded a foreign exchange loss on Cross-Currency Swaps of $6.5 million in the first six months of 2021 as compared to a $17.1 million gain in 2020. 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 Loss (Gain) on Cross-Currency Swaps	**Six month periods ended June 30**			
	2021		**2020**	
(unaudited) ***($ millions)***	**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	**117.0**	**3.4**	117.0	(8.6)
Cross-Currency Swap maturing October 22, 2026	**112.0**	**3.1**	112.0	(8.5)
Foreign exchange loss (gain) on Cross-Currency Swaps		**6.5**		(17.1)

Other (Income) Expense

Other income was $1.9 million for the first six months of 2021 as compared to $0.4 million of other expense recorded in 2020. The $2.3 million positive variance was due to the factors set forth below:

<u>Change in Fair Value of Investments (positive variance of $2.4 million)</u>. We recorded an increase in the fair value of investments of $1.1 million in the first six months of 2021 as compared to a $1.3 million decrease in 2020. There were no investments purchased or sold during the first six months of 2021 or 2020.

<u>Gain or Loss on Sale of Property, Plant and Equipment (positive variance of $0.9 million)</u>. We recognized a gain of $0.2 million on sale of property, plant and equipment on consolidated proceeds on sale of $9.6 million in the first six months of 2021 as compared to a $0.7 million loss on consolidated proceeds on sale of $3.2 million in 2020. The $0.2 million gain on sale of property, plant and equipment in 2021 mainly resulted from the sale of older less efficient equipment in the Specialized & Industrial Services segment.

<u>Earnings from Equity Investments (negative variance of $1.2 million)</u>. We recognized $0.4 million of earnings from equity investments in the first six months of 2021 as compared to $1.6 million in 2020. The $1.2 million negative variance was mainly due to declines in demand for their services.

<u>Gain on contingent consideration (positive variance of $0.2 million).</u> In the second quarter of 2021, we recognized a $0.2 million gain on contingent consideration from the 2019 acquisition of Jen Express as certain financial targets established in the purchase and sale agreement were not achieved.

Income Taxes

(unaudited) *($ millions)*	Six month periods ended June 30			
		2021		**2020**
Income before income taxes	**$**	**44.8**	$	38.2
Combined statutory tax rate		**25%**		26%
Expected income tax		**11.2**		9.9
Add (deduct):				
Non-deductible (taxable) portion of net foreign exchange (gain) loss		**(0.1)**		—
Non-deductible (taxable) portion of the change in fair value of investments		**(0.1)**		0.2
Stock-based compensation expense		**—**		0.2
Changes in unrecognized deferred tax asset		**(0.9)**		—
Other		**—**		0.2
Income tax expense	**$**	**10.1**	$	10.5

Income tax expense was $10.1 million in the first six months of 2021 as compared to $10.5 million in 2020. The decrease of $0.4 million was mainly attributable to the changes in recognizing deferred tax assets.

Net Income

(unaudited) *($ millions, except share and per share amounts)*	Six month periods ended June 30				
		2021		**2020**	**% Change**
Net income	**$**	**34.7**	$	27.7	25.3
Weighted average number of Common Shares outstanding		**96,552,619**		103,591,605	(6.8)
Earnings per share – basic	**$**	**0.36**	$	0.27	33.3

Net income increased to $34.7 million in the first six months of 2021 as compared to $27.7 million in 2020. The factors contributing to the increase in net income include:

- a $5.9 million increase in OIBDA;
- a $2.4 million positive variance in the fair value of investments;
- a $1.5 million decrease in depreciation of property, plant and equipment;
- a $0.9 million increase in the gain on sale of property, plant and equipment;
- a $0.4 million decrease in income tax expense;
- a $0.2 million decrease in finance costs; and
- a $0.2 million gain on contingent consideration.

These factors were somewhat offset by the following factors that decreased net income:

- a $1.8 million increase in amortization of intangible assets;
- a $1.2 million decrease in earnings from equity investments;

- a $1.1 million negative variance in net foreign exchange; and
- a 0.4 million increase in depreciation of right-of-use assets.

Basic earnings per share increased to $0.36 in the first six months of 2021 as compared to $0.27 in 2020. This increase resulted from the effect of the $7.0 million increase in net income. The weighted average number of Common Shares outstanding decreased from 103,591,605 to 96,552,619, 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 due to the APPS acquisition.

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 from the gain on contingent consideration. Net income and basic earnings per share have been adjusted to reflect earnings from a strictly operating perspective.

(unaudited) *($ millions, except share and per share amounts)*	Six month periods ended June 30	
	2021	**2020**
Income before income taxes	**$ 44.8**	$ 38.2
Add (deduct):		
Net foreign exchange (gain) loss	**(1.3)**	(2.4)
Change in fair value of investments	**(1.1)**	1.3
Gain on contingent consideration	**(0.2)**	—
Income before income taxes – adjusted	**42.2**	37.1
Income tax rate	**25%**	26%
Computed expected income tax expense	**10.5**	9.6
Net income – adjusted[1]	**31.7**	27.5
Weighted average number of Common Shares outstanding – basic	**96,552,619**	103,591,605
Earnings per share – adjusted[1]	**$ 0.33**	$ 0.27

[1] *Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".*

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SEGMENTED INFORMATION – SIX MONTH PERIOD ENDED JUNE 30, 2021

Six month period ended June 30, 2021 ***(unaudited)*** ***($ millions)***	**Less-Than -Truckload**	**Logistics & Warehousing**	**Specialized & Industrial Services**	**Corporate and intersegment eliminations**	**Total**
	$	**$**	**$**	**$**	**$**
Revenue	**247.4**	**211.9**	**145.7**	**(2.0)**	**603.0**
Direct operating expenses	**171.5**	**149.0**	**100.2**	**(3.7)**	**417.0**
Selling and administrative expenses	**33.1**	**23.2**	**15.4**	**8.2(1)**	**79.9**
Operating income before depreciation and amortization	**42.8**	**39.7**	**30.1**	**(6.5)**	**106.1**
Net capital expenditures(2)	**11.8**	**4.9**	**0.8**	**(1.8)**	**15.7**

Six month period ended June 30, 2020 ***(unaudited)*** ***($ millions)***	**Less-Than-Truckload**	**Logistics & Warehousing**	**Specialized & Industrial Services**	**Corporate and intersegment eliminations**	**Total**
	$	$	$	$	$
Revenue	214.8	179.0	184.8	(2.9)	575.7
Direct operating expenses	151.1	125.7	128.1	(4.5)	400.4
Selling and administrative expenses	29.9	19.4	19.5	6.3(3)	75.1
Operating income before depreciation and amortization	33.8	33.9	37.2	(4.7)	100.2
Net capital expenditures(2)	8.2	4.6	5.1	6.2	24.1

(1) Includes a $0.7 million foreign exchange loss.
(2) Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".
(3) Includes a $0.4 million foreign exchange gain.

LESS-THAN-TRUCKLOAD SEGMENT

Revenue

Revenue – Less-Than-Truckload **Six month periods ended June 30** ***(unaudited)*** ***($ millions)***	**2021**		**2020**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**224.7**	**90.8**	204.9	95.4	19.8	9.7
Contractors	**22.4**	**9.1**	9.8	4.6	12.6	128.6
Other	**0.3**	**0.1**	0.1	—	0.2	200.0
Total	**247.4**	**100.0**	214.8	100.0	32.6	15.2

Segment revenue rose by $32.6 million, or 15.2 percent, to $247.4 million as compared to $214.8 million in 2020 and represented 40.9 percent of pre-consolidated revenue as compared to 37.1 percent in 2020. This increase in revenue was due to strong consumer spending and the acquisition of PCX. Revenue increased by $7.8 million in the first quarter and by $24.8 million in the second quarter on a year over year basis when compared to the second quarter of 2020 when government mandated restrictions were first implemented.

Specific factors affecting segment revenue were:

- a $12.3 million increase in revenue generated from the acquisition of PCX;
- market share gains in certain markets; and
- an increase of $5.3 million in fuel surcharge revenue to $29.3 million, from the $24.0 million generated in 2020 resulting from the rise in diesel fuel prices.

Direct Operating Expenses

Direct Operating Expenses – Less-Than-Truckload **Six month periods ended June 30** ***(unaudited)*** ***($ millions)***	**2021**		**2020**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**58.2**	**25.9**	56.2	27.4	2.0	3.6
CEWS	**(1.0)**	**(0.4)**	(1.6)	(0.8)	0.6	(37.5)
Fuel	**24.0**	**10.7**	19.9	9.7	4.1	20.6
Repairs and maintenance	**23.4**	**10.4**	22.2	10.8	1.2	5.4
Purchased transportation	**42.7**	**19.0**	38.6	18.8	4.1	10.6
Operating supplies	**3.4**	**1.5**	2.9	1.4	0.5	17.2
Other	**7.2**	**3.2**	6.4	3.3	0.8	12.5
	157.9	**70.3**	144.6	70.6	13.3	9.2
Contractors	**13.6**	**60.7**	6.5	66.3	7.1	109.2
Total	**171.5**	**69.3**	151.1	70.3	20.4	13.5

**as a percentage of respective Less-Than-Truckload revenue*

DOE were $171.5 million as compared to $151.1 million in 2020. The increase of $20.4 million, or 13.5 percent, was directly related to the $32.6 million, or 15.2 percent, rise in segment revenue. As a percentage of revenue these expenses decreased by 1.0 percent to 69.3 percent compared to 70.3 percent in 2020. Excluding the effect of CEWS, these expenses decreased by 1.4 percent as a percentage of revenue to 69.7 percent compared to 71.1 percent in 2020 due to lower Contractors expense.

DOE associated with Company Equipment increased by $13.3 million, or 9.2 percent, to $157.9 million as compared to $144.6 million in 2020. This increase was directly related to the $19.8 million, or 9.7 percent, increase in Company revenue. As a percentage of Company revenue these expenses decreased by 0.3 percent to 70.3 percent as compared to 70.6 percent in 2020, primarily due to reduced wages and benefits expense.

Contractors expense increased by $7.1 million to $13.6 million as compared to $6.5 million in 2020. This increase was directly related to the $12.6 million increase in Contractors revenue. As a percentage of Contractors revenue, Contractors expense decreased to 60.7 percent as compared to 66.3 percent due to the effect of the PCX acquisition.

Selling and Administrative Expenses

Selling and Administrative Expenses – Less-Than-Truckload **Six month periods ended June 30** ***(unaudited)*** ***($ millions)***	**2021**		**2020**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**20.8**	**8.4**	18.6	8.7	2.2	11.8
CEWS	**(0.5)**	**(0.2)**	(0.3)	(0.2)	(0.2)	66.7
Communications, utilities and general supplies	**10.0**	**4.0**	8.6	4.0	1.4	16.3
Profit share	**2.0**	**0.8**	1.6	0.7	0.4	25.0
Foreign exchange	**—**	**—**	—	—	—	—
Rent and other	**0.8**	**0.4**	1.4	0.7	(0.6)	(42.9)
Total	**33.1**	**13.4**	29.9	13.9	3.2	10.7

**as a percentage of total Less-Than-Truckload revenue*

S&A expenses increased by $3.2 million to $33.1 million as compared to $29.9 million in 2020, primarily due to the $2.0 million of incremental S&A expenses resulting from the acquisition of PCX and higher wages and benefits expense due to higher revenue levels. S&A expenses as a percentage of segment revenue decreased by 0.5 percent to 13.4 percent as compared to 13.9 percent in 2020 due to the fixed nature of these expenses relative to the rise in revenue.

Operating Income Before Depreciation and Amortization

OIBDA increased by $9.0 million, or 26.6 percent, to $42.8 million as compared to $33.8 million in 2020. The increase in OIBDA was due to increased OIBDA in most Business Units within this segment due to a rebound in revenue in the second quarter as well as the $2.3 million increase in incremental OIBDA generated from the acquisition of PCX. Operating margin[1] increased to 17.3 percent as compared to 15.7 percent in 2020. Excluding CEWS, operating margin[1] was 16.7 percent as compared to 14.9 percent in 2020.

Capital Expenditures

Net capital expenditures[1] were $11.8 million in the first six months of 2021, an increase of $3.6 million as compared to $8.2 million in 2020. The Less-Than-Truckload segment had gross capital expenditures of $12.8 million and dispositions of $1.0 million for net capital expenditures[1] of $11.8 million in 2021. The majority of the capital invested in 2021 was to purchase trucks and trailers to support growth opportunities as well as replace some older less efficient equipment. In 2020 gross capital expenditures were $8.6 million and dispositions were $0.4 million for net capital expenditures[1] of $8.2 million.

LOGISTICS & WAREHOUSING SEGMENT

Revenue

Revenue – Logistics & Warehousing **Six month periods ended June 30** ***(unaudited)*** ***($ millions)***	**2021**		**2020**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**92.8**	**43.8**	68.7	38.4	24.1	35.1
Contractors	**118.6**	**56.0**	109.9	61.4	8.7	7.9
Other	**0.5**	**0.2**	0.4	0.2	0.1	25.0
Total	**211.9**	**100.0**	179.0	100.0	32.9	18.4

Segment revenue rose by $32.9 million, or 18.4 percent, to $211.9 million as compared to $179.0 million in 2020 and represented 35.0 percent of pre-consolidated revenue as compared to 30.9 percent in 2020. Segment revenue increased as a result of our most recent acquisitions as well as the improvement in the general economy as the negative effects of the outbreak of the COVID-19 virus in North America have been greatly diminished. Fuel surcharge revenue increased by $0.7 million to $11.6 million as compared to $10.9 million in 2020. Revenue in the first quarter declined by $4.9 million, while revenue in the second quarter improved by $37.8 million, primarily due to acquisitions.

Revenue related to Company Equipment increased by $24.1 million, or 35.1 percent, to $92.8 million as compared to $68.7 million in 2020 and represented 43.8 percent of segment revenue in the current period as compared to 38.4 percent in 2020. Revenue related to Contractors increased by $8.7 million, or 7.9 percent, to $118.6 million as compared to $109.9 million in 2020 and represented 56.0 percent of segment revenue in the current period as compared to 61.4 percent in 2020.

[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

Direct Operating Expenses

Direct Operating Expenses – Logistics & Warehousing **Six month periods ended June 30** ***(unaudited)*** ***($ millions)***	**2021**		**2020**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**21.5**	**23.2**	16.4	23.9	5.1	31.1
CEWS	**(1.5)**	**(1.6)**	(1.9)	(2.8)	0.4	(21.1)
Fuel	**7.5**	**8.1**	4.9	7.1	2.6	53.1
Repairs and maintenance	**10.7**	**11.5**	8.8	12.8	1.9	21.6
Purchased transportation	**7.9**	**8.5**	2.1	3.1	5.8	276.2
Operating supplies	**9.7**	**10.5**	10.2	14.8	(0.5)	(4.9)
Other	**3.0**	**3.2**	2.4	3.5	0.6	25.0
	58.8	**63.4**	42.9	62.4	15.9	37.1
Contractors	**90.2**	**76.1**	82.8	75.3	7.4	8.9
Total	**149.0**	**70.3**	125.7	70.2	23.3	18.5

**as a percentage of respective Logistics & Warehousing revenue*

DOE were $149.0 million as compared to $125.7 million in 2020. The increase of $23.3 million, or 18.5 percent was generally in line with the $32.9 million, or 18.4 percent, increase in segment revenue. DOE expressed as a percentage of revenue increased by 0.1 percent to 70.3 percent as compared to 70.2 percent in 2020 due to the reduction in operating supplies, and repairs and maintenance expenses being mostly offset by a rise in fuel costs and a reduction in CEWS. CEWS totalled $1.5 million during the period as compared to $1.9 million in 2020. Excluding CEWS, DOE decreased by 0.3 percent as a percentage of revenue to 71.0 percent compared to 71.3 percent in 2020.

DOE related to Company Equipment increased by $15.9 million, or 37.1 percent, to $58.8 million as compared to $42.9 million in 2020. This increase was generally in proportion to the $24.1 million increase in Company revenue. In terms of a percentage of revenue, Company expenses increased by 1.0 percent to 63.4 percent as compared to 62.4 percent in 2020. This increase was primarily due to higher purchased transportation and fuel expenses being partially offset by lower operating supplies expense. CEWS totalled $1.5 million during the period as compared to $1.9 million in 2020. Excluding CEWS, DOE related to Company Equipment decreased by 0.2 percent as a percentage of revenue to 65.0 percent as compared to 65.2 percent in 2020.

Contractors expense increased by $7.4 million to $90.2 million as compared to $82.8 million in 2020. This increase was generally in line with the $8.7 million increase in Contractors revenue. As a percentage of Contractors revenue, Contractors expense increased by 0.8 percent to 76.1 percent as compared to 75.3 percent in 2020, largely due to the lack of availability of subcontractors.

Selling and Administrative Expenses

Selling and Administrative Expenses – Logistics & Warehousing Six month periods ended June 30 *(unaudited)* *($ millions)*	2021		2020		Change	
	$	%*	$	%*	$	%
Wages and benefits	**15.4**	**7.3**	13.1	7.3	2.3	17.6
CEWS	**(0.8)**	**(0.4)**	(0.8)	(0.4)	—	—
Communications, utilities and general supplies	**5.7**	**2.7**	5.1	2.8	0.6	11.8
Profit share	**1.8**	**0.8**	2.0	1.1	(0.2)	(10.0)
Foreign exchange	**0.2**	**0.1**	(0.9)	(0.5)	1.1	(122.2)
Rent and other	**0.9**	**0.4**	0.9	0.5	—	—
Total	**23.2**	**10.9**	19.4	10.8	3.8	19.6

**as a percentage of total Logistics & Warehousing revenue*

S&A expenses were $23.2 million as compared to $19.4 million in 2020. The increase of $3.8 million was primarily due to the $3.5 million of incremental S&A expenses generated by our recent acquisitions and the $1.1 million negative variance in foreign exchange. S&A expenses as a percentage of segment revenue increased by 0.1 percent to 10.9 percent as compared to 10.8 percent in 2020. Excluding the effects of foreign exchange and CEWS, S&A expenses as a percentage of segment revenue were reduced to 11.2 percent as compared to 11.8 percent in 2020 due to the fixed nature of these expenses relative to the increase in revenue.

Operating Income Before Depreciation and Amortization

OIBDA increased by $5.8 million, or 17.1 percent, to $39.7 million as compared to $33.9 million in 2020. The majority of this rise in OIBDA, specifically $6.6 million, was due to our most recent acquisitions in this segment. Operating margin[1] decreased by 0.2 percent to 18.7 percent as compared to 18.9 percent in 2020. Excluding CEWS, operating margin[1] increased to 17.6 percent as compared to 17.4 percent in 2020.

Capital Expenditures

Net capital expenditures[1] were $4.9 million in the first six months of 2021, an increase of $0.3 million as compared to $4.6 million in 2020. The Logistics & Warehousing segment had gross capital expenditures of $6.1 million and dispositions of $1.2 million for net capital expenditures[1] of $4.9 million in 2021. The majority of the capital invested in 2021 was to purchase trucks, trailers and various pieces of operating equipment to replace some older less efficient equipment. We also commenced construction of a new salt warehouse at our Esterhazy, Saskatchewan production facility, which will both improve the efficiency of our operations and increase capacity levels to meet growing customer demand. In 2020 gross capital expenditures were $5.0 million and dispositions were $0.4 million for net capital expenditures[1] of $4.6 million.

[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

SPECIALIZED & INDUSTRIAL SERVICES SEGMENT

Revenue

Revenue – Specialized & Industrial Services **Six month periods ended June 30** ***(unaudited)*** ***($ millions)***	**2021**		**2020**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**
Company	**115.9**	**79.5**	143.3	77.5	(27.4)	(19.1)
Contractors	**29.2**	**20.0**	41.3	22.3	(12.1)	(29.3)
Other	**0.6**	**0.5**	0.2	0.2	0.4	200.0
Total	**145.7**	**100.0**	184.8	100.0	(39.1)	(21.2)

Segment revenue declined by $39.1 million, or 21.2 percent, to $145.7 million as compared to $184.8 million in 2020 and represented 24.1 percent of pre-consolidated revenue as compared to 31.9 percent in 2020. This decline in revenue was mainly attributable to COVID-19 related delays negatively affecting large diameter pipeline construction activity. Segment revenue decreased by $32.0 million in the first quarter and $7.1 million in the second quarter. Specific factors affecting the segment revenue were:

- a $29.9 million decrease in revenue generated by those Business Units providing specialized services to the oil sands, environmental, construction, pipeline, utility, telecom and water management industries, including a $20.6 million decrease in pipeline hauling and stringing services revenue as well as a $5.7 million decrease in demand for civil construction services at Smook being partially offset by the $3.2 million of incremental revenue generated by the Babine acquisition;

- a $10.1 million decrease in revenue generated by those Business Units involved in the transportation of fluids and servicing of wells due to the decline in demand experienced during the first quarter being partially offset by improved results in the second quarter; and

- a $0.5 million increase in revenue generated by those Business Units most directly tied to oil and natural gas drilling activity as the demand for services that were severely impacted at the onset of the COVID-19 pandemic have begun to rebound as the year has progressed.

Direct Operating Expenses

Direct Operating Expenses – Specialized & Industrial Services **Six month periods ended June 30** ***($ millions)***	**2021**		**2020**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Company						
Wages and benefits	**32.6**	**28.1**	40.1	28.0	(7.5)	(18.7)
CEWS	**(6.6)**	**(5.7)**	(4.8)	(3.4)	(1.8)	37.5
Fuel	**8.9**	**7.7**	10.2	7.1	(1.3)	(12.7)
Repairs and maintenance	**21.0**	**18.1**	22.2	15.5	(1.2)	(5.4)
Purchased transportation	**1.0**	**0.9**	1.0	0.7	—	—
Operating supplies	**15.8**	**13.6**	19.4	13.5	(3.6)	(18.6)
Other	**2.9**	**2.5**	4.1	2.9	(1.2)	(29.3)
	75.6	**65.2**	92.2	64.3	(16.6)	(18.0)
Contractors	**24.6**	**84.2**	35.9	86.9	(11.3)	(31.5)
Total	**100.2**	**68.8**	128.1	69.3	(27.9)	(21.8)

**as a percentage of respective Specialized & Industrial Services revenue*

DOE were $100.2 million as compared to $128.1 million in 2020. The decrease of $27.9 million, or 21.8 percent, was directly related to the $39.1 million, or 21.2 percent, decline in segment revenue. As a percentage of revenue these expenses decreased by 0.5 percent to 68.8 percent as compared to 69.3 percent in 2020, largely due to the effect of CEWS. Excluding CEWS, these expenses increased by 1.4 percent as a percentage of revenue to

73.3 percent as compared to 71.9 percent in 2020 due to a change in revenue mix, higher repairs and maintenance expense, and higher fuel costs.

DOE associated with Company Equipment decreased by $16.6 million, or 18.0 percent, to $75.6 million as compared to $92.2 million in 2020. This decrease was directly related to the $27.4 million, or 19.1 percent, decrease in Company revenue. As a percentage of Company revenue these expenses increased by 0.9 percent to 65.2 percent as compared to 64.3 percent in 2020, primarily due to higher repairs and maintenance, and fuel expenses. CEWS accounted for a reduction in expenses of $6.6 million in 2021 as compared to $4.8 million in 2020. Excluding CEWS, these expenses increased as a percentage of revenue by 3.2 percent to 70.9 percent as compared to 67.7 percent in 2020.

Contractors expense decreased by $11.3 million to $24.6 million as compared to $35.9 million in 2020. As a percentage of Contractors revenue, Contractors expense decreased to 84.2 percent as compared to 86.9 percent in 2020 due to the change in revenue mix.

Selling and Administrative Expenses

Selling and Administrative Expenses – Specialized & Industrial Services
Six month periods ended June 30

($ millions)	**2021**		**2020**		**Change**	
	$	**%***	**$**	**%***	**$**	**%**
Wages and benefits	**10.2**	**7.0**	11.5	6.2	(1.3)	(11.3)
CEWS	**(2.0)**	**(1.4)**	(1.5)	(0.8)	(0.5)	33.3
Communications, utilities and general supplies	**5.5**	**3.8**	6.2	3.4	(0.7)	(11.3)
Profit share	**1.4**	**1.0**	2.4	1.3	(1.0)	(41.7)
Foreign exchange	**—**	**—**	—	—	—	—
Rent and other	**0.3**	**0.2**	0.9	0.5	(0.6)	(66.7)
Total	**15.4**	**10.6**	19.5	10.6	(4.1)	(21.0)

**as a percentage of total Specialized & Industrial Services revenue*

S&A expenses decreased by $4.1 million to $15.4 million as compared to $19.5 million in 2020, primarily as a result of a reduction in wages and benefits expense, and other cost savings initiatives. S&A expenses as a percentage of segment revenue remained constant at 10.6 percent. CEWS during the period was $2.0 million as compared to $1.5 million in 2020. Excluding CEWS, these expenses increased by 0.5 percent as a percentage of revenue to 11.9 percent compared to 11.4 percent in 2020 due to the fixed nature of these expenses relative to the decline in revenue.

Operating Income Before Depreciation and Amortization

OIBDA decreased by $7.1 million, or 19.1 percent, to $30.1 million as compared to $37.2 million in 2020. Operating margin[1] increased to 20.7 percent as compared to 20.1 percent in 2020. The margin gain was due to CEWS, which totalled $8.6 million in 2021 as compared to $6.3 million in 2020, and to the change in revenue mix associated with certain large diameter pipeline projects.

Specifically, the $7.1 million year over year decrease in OIBDA can be attributed to the following:

- a $7.3 million decrease relating to those Business Units providing specialized services including pipeline stockpiling and stringing services being partially offset by incremental OIBDA due to the Babine acquisition;
- a $0.3 million decrease in those Business Units involved in the transportation of fluids and servicing of wells; and
- a $0.5 million increase from those Business Units tied to drilling and drilling related activity.

[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

Capital Expenditures

Net capital expenditures[1] were $0.8 million in the first six months of 2021, a decrease of $4.3 million as compared to $5.1 million in 2020. The Specialized & Industrial Services segment had gross capital expenditures of $5.5 million and dispositions of $4.7 million for net capital expenditures[1] of $0.8 million in 2021. The majority of the capital invested in 2021 consisted of pumps and water management equipment along with civil construction equipment to support demand at Canadian Dewatering and Smook, respectively. In 2020 gross capital expenditures were $7.9 million and dispositions were $2.8 million for net capital expenditures[1] of $5.1 million.

CORPORATE

The Corporate Office recorded a loss of $6.5 million in the first six months of 2021 as compared to a loss of $4.7 million in 2020. The $1.8 million increase in loss was mainly attributable to higher facility repair costs associated with our $621.3 million real estate network. We also recognized higher salaries, higher acquisition related costs, a reduction in costs recovered from the Business Units and from a $1.1 million negative variance in foreign exchange. In the first six months of 2021, the Corporate Office recorded a foreign exchange loss of $0.7 million as compared to a foreign exchange gain of $0.4 million in 2020. These increases were somewhat offset by lower stock-based compensation expense.

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[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

CAPITAL RESOURCES AND LIQUIDITY

Consolidated Cash Flow Summary

(unaudited) *($ millions)*	Six month periods ended June 30 2021		2020	
Net cash from operating activities	$	**94.9**	$	124.9
Net cash from (used in) financing activities		**13.7**		(69.7)
Net cash used in investing activities		**(212.5)**		(23.2)
Change in cash and cash equivalents		**(103.9)**		32.0
Effect of exchange rate fluctuations on cash held		**(1.4)**		0.9
Cash and cash equivalents, beginning of period		**105.3**		79.0
Cash and cash equivalents, end of period	$	**—**	$	111.9

Sources and Uses of Cash

Mullen Group continues to generate cash in excess of its operating needs by generating $94.9 million of cash from operating activities in the first six months of 2021 as compared to $124.9 million in 2020. Net cash from financing activities in 2021 increased by $83.4 million to $13.7 million as compared to using $69.7 million in 2020. The $83.4 million increase in cash from financing activities was mainly due to the $70.3 million of borrowings on our Bank Credit Facility. Net cash used in investing activities increased by $189.3 million due to the acquisitions that were completed in 2021. Specific changes in cash flow are set forth below.

Cash From Operating Activities

Net cash from operating activities decreased to $94.9 million in the first six months of 2021 as compared to $124.9 million in 2020. The decrease of $30.0 million, or 24.0 percent was mainly due to a $20.9 million increase in cash taxes paid due to government policies implemented with respect to the timing of tax installments resulting from the COVID-19 pandemic and from a $16.8 million decrease in cash generated from non-cash working capital items. The change in non-cash working capital items from operating activities is detailed in the table below.

Changes in Non-Cash Working Capital Items from Operating Activities

(unaudited) *($ millions)*	Six month periods ended June 30 2021	2020	Variance
	$	**$**	**$**
Sources (uses) of cash			
Trade and other receivables	**10.4**	36.4	(26.0)
Inventory	**(2.9)**	0.5	(3.4)
Prepaid expenses	**(8.1)**	(5.5)	(2.6)
Accounts payable and accrued liabilities	**6.3**	(8.9)	15.2
Total sources (uses) of cash from non-cash working capital items	**5.7**	22.5	(16.8)

In the first six months of 2021 we generated $5.7 million of cash from changes in non-cash working capital items from operating activities as compared to generating $22.5 million of cash during the same period in 2020. This $16.8 million variance was mainly due to the following factors.

- An additional $26.0 million of cash was used from trade and other receivables that resulted from the combined effect of a $10.4 million source of cash in 2021 as compared to a $36.4 million source of cash in 2020.

- An additional $3.4 million of cash was used from inventory that resulted from the combined effect of a $2.9 million use of cash in 2021 as compared to a $0.5 million source of cash in 2020.

- An additional $2.6 million of cash was used from prepaid expenses that resulted from the combined effect of an $8.1 million use of cash in 2021 as compared to a $5.5 million use of cash in 2020.

Somewhat offsetting these items was the following:

- An additional $15.2 million of cash was generated from accounts payable and accrued liabilities that resulted from the combined effect of a $6.3 million source of cash in 2021 as compared to an $8.9 million use of cash in 2020.

Cash From (Used In) Financing Activities

Net cash from financing activities was $13.7 million in the first six months of 2021 as compared to using $69.7 million during the same period in 2020. This $83.4 million variance was mainly due to the factor set forth below.

- We borrowed $70.3 million on our Bank Credit Facility.

- An $11.1 million decrease in cash used in 2021 to repurchase and cancel Common Shares under the NCIB as compared to 2020.

- A $0.7 million decrease in interest paid in 2021.

Somewhat offsetting these items were the following:

- A $1.3 million increase in cash used to pay dividends to common shareholders.

- A $0.6 million increase in the repayment of lease liabilities, long-term debt and loans in 2021.

- A $0.2 million variance in changes in non-cash working capital items from financing activities.

Cash Used In Investing Activities

Net cash used in investing activities increased to $212.5 million in the first six months of 2021 as compared to $23.2 million during the same period in 2020. This $189.3 million increase was mainly due to the factors set forth below.

- A $184.6 million increase in cash used to fund acquisitions.

- A $0.6 million decrease in interest received from cash and cash equivalents.

- A $13.2 million increase in other assets due to funding the July 1, 2021 acquisition of Harris.

Somewhat offsetting these items were the following:

- An $8.4 million decrease in net capital expenditures[1]. In 2021 net capital expenditures[1] were $15.7 million as compared to $24.1 million in 2020.

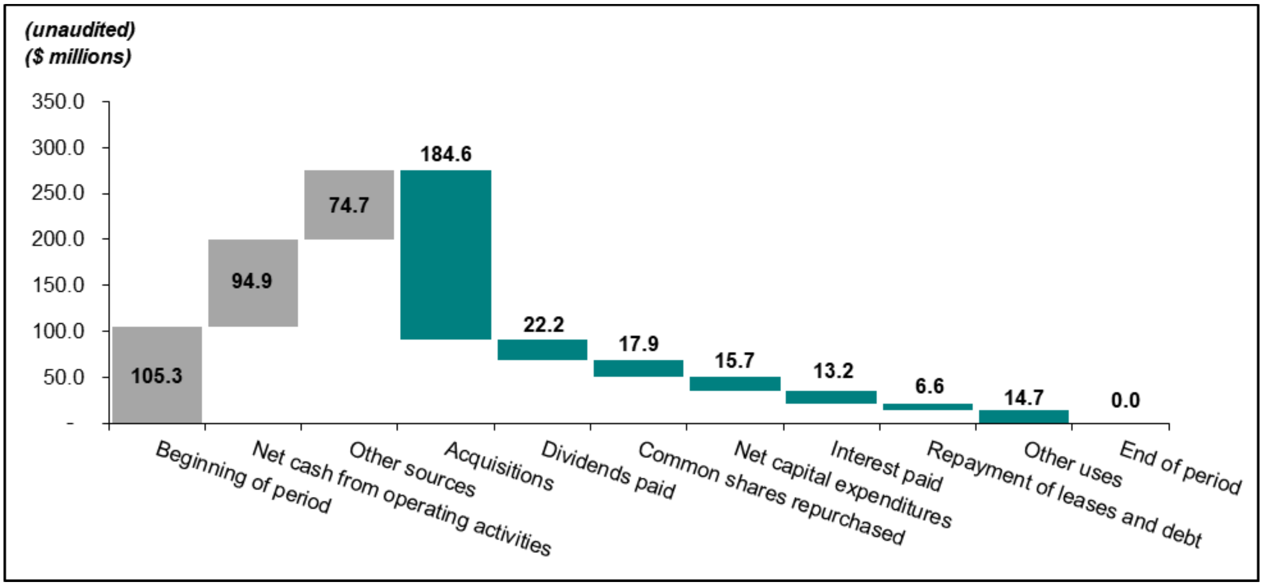
- A $0.1 million change in net investment in finance leases.

- A $0.6 million variance in changes in non-cash working capital items from investing activities.

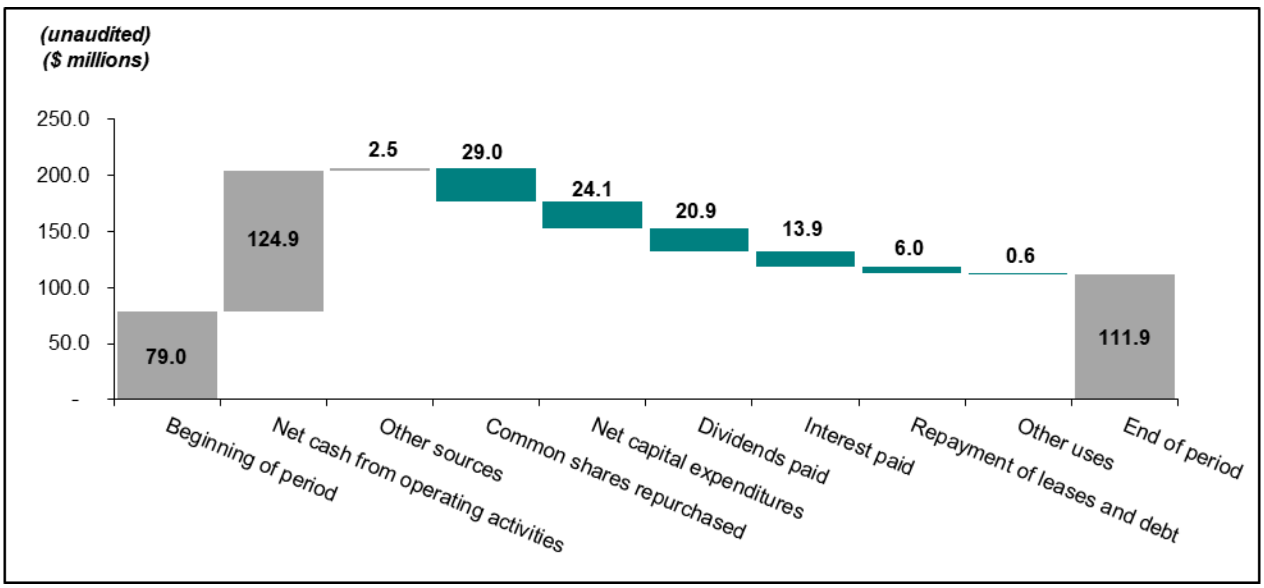
[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

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

Six month period ended June 30, 2021



Six month period ended June 30, 2020



In addition to the $94.9 million (2020 – $124.9 million) of net cash from operating activities, we also received $74.7 million (2020 – $2.5 million) of cash from other sources, which mainly consisted of borrowings on our Bank Credit Facility, net investment from finance leases and from interest income generated from cash and cash equivalents. Cash was used to fund acquisitions of $184.6 million (2020 – nil), repurchase and cancel 1,394,952 Common Shares for $17.9 million (2020 – $29.0 million), repay finance leases and debt of $6.6 million (2020 – $6.0 million), pay dividends totalling $22.2 million (2020 – $20.9 million), incur net capital expenditures[1] of $15.7 million (2020 – $24.1 million) and pay interest obligations of $13.2 million (2020 – $13.9 million). We also had $14.7 million (2020 – $0.6 million) of other uses, which mainly consisted of funding the July 1, 2021 acquisition of Harris in June 2021.

[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

Working Capital

At June 30, 2021, we had $62.6 million (December 31, 2020 – $239.1 million) of working capital, which included $70.3 million of amounts drawn on our Bank Credit Facility. This working capital also includes a current liability of $17.6 million (December 31, 2020 – $11.4 million) related to the current portion of lease liabilities. This working capital, the Bank Credit Facility and the anticipated cash flow from operating activities in 2021 are available to finance our ongoing working capital requirements, our 2021 dividend, our 2021 capital budget, as well as various special projects and acquisition opportunities.

Debt

As at June 30, 2021, we had net debt[1] outstanding of $557.8 million, (December 31, 2020 – $357.3 million), which consisted of total debt of $711.8 million (December 31, 2020 – $607.8 million) less working capital (excluding the current portion of lease liabilities) of $154.0 million (December 31, 2020 – $250.5 million). The primary reason for the increase in the carrying value of the long-term debt was due to drawing on our Bank Credit Facility, which was somewhat offset by the impact of the strengthening of the Canadian dollar relative to the U.S. dollar on our U.S. dollar denominated debt. Total debt is comprised of the Private Placement Debt, the Debentures, lease liabilities and bank indebtedness. The following table summarizes our total debt and net debt[1] as at June 30, 2021, and December 31, 2020:

		June 30, 2021		December 31, 2020		
($ millions)	**Interest Rate**	**U.S. Dollar**	**CDN. Dollar Equivalent**	**U.S. Dollar**	**CDN. Dollar Equivalent**	**Change in CDN. Dollar Equivalent**
Private Placement Debt:						
Series G - matures October 22, 2024	3.84%	**$ 117.0**	**$ 145.0**	$ 117.0	$ 149.0	**$ (4.0)**
Series H - matures October 22, 2026	3.94%	**112.0**	**138.8**	112.0	142.6	**(3.8)**
Series I - matures October 22, 2024	3.88%	**—**	**30.0**	—	30.0	**—**
Series J - matures October 22, 2026	4.00%	**—**	**3.0**	—	3.0	**—**
Series K - matures October 22, 2024	3.95%	**—**	**58.0**	—	58.0	**—**
Series L - matures October 22, 2026	4.07%	**—**	**80.0**	—	80.0	**—**
Bank indebtedness	variable(1)	**—**	**73.7**	—	—	**73.7**
Long-term debt	3.31%	**—**	**1.0**	—	—	**1.0**
Less:						
Unamortized debt issuance costs			**(0.8)**	—	(0.9)	**0.1**
Long-term debt (including the current portion)		**229.0**	**528.7**	229.0	461.7	**67.0**
Debentures – debt component	5.75%	**—**	**112.3**	—	111.1	**1.2**
Lease liabilities (including the current portion)	3.20%	**—**	**70.8**	—	35.0	**35.8**
Total debt		**$ 229.0**	**$ 711.8**	$ 229.0	$ 607.8	**$ 104.0**
Less:						
Working capital (excluding bank indebtedness and the current portion of leases)			**154.0**		250.5	**(96.5)**
Net debt(2)			**$ 557.8**		$ 357.3	**$ 200.5**

(1) Bank prime rate plus 0.5 percent or bankers' acceptance rates plus 1.5 percent.
(2) Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

Total Net Debt[1] to Operating Cash Flow. Mullen Group's total net debt[1] cannot exceed 3.5 times operating cash flow calculated using the trailing twelve months' financial results normalized for acquisitions. The term total net debt[1], as defined within the Private Placement Debt Agreement, means 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 the Private Placement Debt, lease liabilities, the Bank Credit Facility and letters of credit. The term "**operating cash flow**", as defined within the Private Placement Debt Agreement, means, for any quarterly period, the trailing twelve months' 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

[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

charges, including interest on the Debentures; and (iv) non-cash charges. Total net debt[1] to operating cash flow financial covenant under our Private Placement Debt enables us to include the trailing twelve months operating cash flows from acquisitions. Although permitted, we have not included any operating cash flows generated prior to the date of the acquisition from our recent acquisitions in this financial covenant calculation.

Total net debt[1] to operating cash flow was calculated as follows:

Total net debt(1) to operating cash flow		**June 30 2021**		**March 31 2021**		**December 31 2020**
Total net debt(1)	$	572.0	$	459.4	$	462.8
Operating cash flow	$	224.8	$	221.2	$	220.1
Total net debt(1) to operating cash flow		2.54:1		2.08:1		2.10:1

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

Total Earnings Available for Fixed Charges to Total Fixed Charges. The fixed charge coverage ratio cannot be less than 1.75:1 calculated using the trailing twelve months financial results.

The term "**total earnings available for fixed charges**", as defined within the Private Placement Debt Agreement, means, for any period, consolidated net income plus all amounts deducted in the computation thereof on account of (i) taxes imposed on or measured by income or excess profits, (ii) the depreciation and amortization taken during such period, (iii) consolidated fixed charges, (iv) interest charges with respect to convertible debentures, and (v) non-cash charges, and less any non-cash gains included in the computation of consolidated net income. The term "**total fixed charges"**, as defined within the Private Placement Debt Agreement, means, for any period the sum of total interest charges and rental charges for such period.

Total Earnings Available for Fixed Charges to Total Fixed Charges		**June 30 2021**		**March 31 2021**		**December 31 2020**
Total earnings available for fixed charges	$	227.0	$	223.4	$	222.4
Total fixed charges	$	21.5	$	21.7	$	22.5
Total earnings available for fixed charges to total fixed charges		10.57:1		10.30:1		9.87:1

Mullen Group, as evidenced by the table below, is in compliance with both of the aforementioned covenants.

Financial Covenants	**Financial Covenant Threshold**	**June 30 2021**	**March 31 2021**	**December 31 2020**
Private Placement Debt Covenants				
(a) Total net debt(1) to operating cash flow cannot exceed	3.50:1	2.54:1	2.08:1	2.10:1
(b) Total earnings available for fixed charges to total fixed charges cannot be less than	1.75:1	10.57:1	10.30:1	9.87:1

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

Total net debt[1] to operating cash flow was 2.54:1 at June 30, 2021. Assuming the $572.0 million of total net debt[1] remains constant, we would need to generate approximately $163.4 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 June 30, 2021, the priority debt was $1.1 million or an insignificant percentage of total assets.

[1] Refer to the section entitled "Glossary of Terms and Reconciliation of Non-GAAP Terms".

Our debt-to-equity ratio was 0.79:1 at June 30, 2021, as compared to 0.68:1 at December 31, 2020. This increase in the debt-to-equity ratio was due to the net effect of a $104.0 million increase in total debt (including the current portion) and no change in equity as compared to December 31, 2020. The $104.0 million increase in total debt was due to the $73.7 million of bank indebtedness and from a $35.8 million increase in lease liabilities due to the acquisitions. These items were somewhat offset by the $7.8 million foreign exchange gain on the Corporation's U.S. dollar debt. There was no change in equity, which mainly resulted from the $34.7 million of net income being recognized in 2021 and from the 750,000 Common Shares issued on the APPS acquisition. These items were offset by the $23.1 million of dividends declared to shareholders in 2021 and from the Common Shares repurchased under the NCIB.

Contractual Obligations

An overview of Mullen Group's contractual obligations can be found on page 43 of the 2020 MD&A. As at June 30, 2021, other than the increase in lease liabilities associated with our most recent acquisitions, 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.

Common Shares

Common Shares **Authorized: Unlimited Number**	**# of Common Shares**		**Amount** ***($ millions)***
Balance at December 31, 2020	96,852,047	$	874.9
Common Shares repurchased and cancelled	(1,394,952)		(12.5)
Repurchased 250,376 Common Shares yet to be cancelled	—		(2.2)
Common Shares issued on acquisition	750,000		9.4
Balance at June 30, 2021	**96,207,095**	**$**	**869.6**

At June 30, 2021, there were 96,207,095 Common Shares outstanding representing $869.6 million in share capital. In the first six months of 2021, we repurchased and cancelled 1,394,952 Common Shares under the NCIB program. We also repurchased 250,376 Common Shares that are scheduled to be cancelled in July 2021.

In the second quarter of 2021, we issued 750,000 Common Shares as partial consideration for the acquisition of APPS.

Stock Option Plan

	Options		**Weighted average exercise price**
Outstanding – December 31, 2020	2,995,000	$	19.38
Granted	700,000		10.15
Forfeited	(305,000)		(19.20)
Outstanding – June 30, 2021	**3,390,000**	**$**	**17.49**
Exercisable – June 30, 2021	**2,690,000**	**$**	**19.40**

In the first six months of 2021, there were 700,000 stock options granted, no stock options exercised and 305,000 stock options forfeited. As at June 30, 2021, Mullen Group had 3,390,000 stock options outstanding under the stock option plan.

SUMMARY OF QUARTERLY RESULTS

Seasonality of Operations

Revenue and profitability within the Less-Than-Truckload and Logistics & Warehousing 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. The Less-Than-Truckload and Logistics & Warehousing segments represents approximately 70.0 percent of our pre-consolidated revenue on an annualized basis. Generally speaking, our third and fourth quarters tend to be the strongest in terms of demand for the services in these segments. As a result, our consolidated revenue is generally higher in these quarters compared to the first and second quarters of the year. 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 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 when wet weather and the spring thaw 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 unpredictable weather patterns may lead to declines in the activity levels and demand for certain services. As a result, the demand for these services is traditionally highest in the first quarter and lowest in the second quarter.

Financial Results

	TTM[(1)]	2021		2020				2019	
(unaudited)		Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
($ millions, except per share amounts)	$	$	$	$	$	$	$	$	$
Revenue	**1,191.6**	312.5	**290.5**	**297.7**	**290.9**	**257.5**	**318.2**	314.6	325.3
Operating income before depreciation and amortization	**223.5**	59.0	**47.1**	**52.2**	**65.2**	**55.0**	**45.2**	49.9	55.6
Net income	**71.0**	21.7	**13.0**	**10.1**	**26.2**	**23.0**	**4.7**	8.4	20.5
Earnings per share									
Basic	**0.73**	0.23	**0.13**	**0.10**	**0.27**	**0.23**	**0.04**	0.08	0.20
Diluted	**0.72**	0.23	**0.13**	**0.10**	**0.26**	**0.23**	**0.04**	0.08	0.20
Other Information									
Net foreign exchange (gain) loss	**(1.3)**	(1.2)	**(0.1)**	**0.1**	**(0.1)**	**(5.2)**	**2.8**	(2.3)	(3.9)
Decrease (increase) in fair value of investments	**(1.4)**	(0.7)	**(0.4)**	**(0.4)**	**0.1**	**(0.2)**	**1.5**	(0.3)	0.3

(1) *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 second quarter of 2021 increased by $55.0 million to $312.5 million as compared to $257.5 million in 2020. Revenue generated by the Less-Than-Truckload segment increased by $24.8 million to $126.7 million due to the strength in consumer spending and from $6.4 million of incremental revenue generated from the acquisition of PCX. Revenue generated by the Logistics & Warehousing segment increased by $37.8 million to $120.6 million due to our recent acquisitions and from greater demand for our services as compared to 2020 when COVID-19 impacted economic activity, including supply chain disruptions, a lack of capital projects and business closures. Revenue generated by the Specialized & Industrial Services segment decreased by $7.1 million to $66.4 million due to lower demand for specialized services including demand for large diameter pipeline hauling and stringing services resulting from project delays related to COVID-19 restrictions. This decrease was somewhat offset by greater demand for fluid hauling and drilling related services along with the incremental revenue generated from acquisitions. Net income in the second quarter was $21.7 million, a decrease of $1.3 million from the $23.0 million of net income generated in 2020. The $1.3 million decrease in net income was mainly attributable to a $4.0 million negative variance in net foreign exchange, a $1.8 million increase in amortization of intangible assets, a $1.2 million decrease in earnings from equity investments, a $0.3 million increase in depreciation of right-of-use assets and a $0.2 million increase in income tax expense. These decreases were somewhat offset by a $4.0 million increase in OIBDA, a $0.8 million decrease in depreciation of property, plant and equipment, a $0.5 million positive variance in the fair value of investments, a $0.7 million decrease in the loss on sale of property, plant and equipment and a $0.2 million gain on contingent consideration. As a result, basic earnings per share in the second quarter of 2021 was $0.23, which is consistent with the $0.23 of earnings per share generated in 2020.

Consolidated revenue in the first quarter of 2021 decreased by $27.7 million to $290.5 million as compared to $318.2 million in 2020. Revenue generated by the Less-Than-Truckload segment increased by $7.8 million to $120.7 million due to $5.9 million of incremental revenue generated from the acquisition of PCX and from the strength of consumer spending. Revenue generated by the Logistics & Warehousing segment decreased by $4.9 million to $91.3 million due to the lingering effects of COVID-19 resulting in lower freight volumes and spot prices. Revenue generated by the Specialized & Industrial Services segment decreased by $32.0 million to $79.3 million due to lower demand for specialized services including demand for large diameter pipeline hauling and stringing services as well as fluid hauling and drilling related services. Net income in the first quarter was $13.0 million, an increase of $8.3 million from the $4.7 million of net income generated in 2020. The $8.3 million increase in net income was mainly attributable to a $2.9 million positive variance in net foreign exchange, a $1.9 million increase in OIBDA, a $1.9 million positive variance in the fair value of investments, a $0.7 million decrease in depreciation of property, plant and equipment and a $0.6 million decrease in income tax expense. These increases were partially offset by a $0.1 million increase in the depreciation of right-of-use assets. As a result, basic earnings per share in the first quarter of 2021 was $0.13, an increase of $0.09, from the $0.04 of earnings per share generated in 2020.

Consolidated revenue in the fourth quarter of 2020 decreased by $16.9 million to $297.7 million as compared to $314.6 million in 2019. Revenue generated by the Less-Than-Truckload segment increased by $2.1 million to $116.3 million due to the incremental revenue generated from the acquisition of PCX being somewhat offset by the negative effects of COVID-19 and lower fuel surcharge revenue. Revenue generated by the Logistics & Warehousing segment decreased by $5.4 million to $96.8 million due to COVID-19 resulting in supply chain disruptions, a lack of capital projects, business closures and lower fuel surcharge revenue. Revenue generated by the Specialized & Industrial Services segment decreased by $15.2 million to $84.8 million due to low oil prices, mandated curtailments and a poor drilling environment being moderately offset by improved results from Premay Pipeline. Net income in the fourth quarter was $10.1 million, an increase of $1.7 million from the $8.4 million of net income generated in 2019. The $1.7 million increase in net income was mainly attributable to a $7.9 million decrease in depreciation of property, plant and equipment, a $2.3 million increase in OIBDA, and a $0.5 million decrease in amortization of intangible assets. These increases were partially offset by a $4.3 million increase in the loss on sale of property, plant and equipment, a $2.4 million negative variance in net foreign exchange and a $1.0 million increase in income tax expense. As a result, basic earnings per share in the fourth quarter of 2020 was $0.10, an increase of $0.02, from the $0.08 of earnings per share generated in 2019.

Consolidated revenue in the third quarter of 2020 decreased by $34.4 million to $290.9 million as compared to $325.3 million in 2019. Revenue generated by the Less-Than-Truckload segment decreased by $3.2 million to $112.7 million due to the negative effects of COVID-19 and lower fuel surcharge revenue. Revenue generated by the Logistics & Warehousing segment decreased by $12.6 million to $86.2 million due to COVID-19 resulting in supply chain disruptions, a lack of capital projects, business closures and lower fuel surcharge revenue. Revenue generated by the Specialized & Industrial Services segment decreased by $19.1 million to $92.4 million due to extremely low oil prices, mandated curtailments and a poor drilling environment being moderately offset by improved results from Premay Pipeline and Smook. Net income in the third quarter was $26.2 million, an increase of $5.7 million from the $20.5 million of net income generated in 2019. The $5.7 million increase in net income was mainly attributable to a $9.6 million increase in OIBDA, a $1.3 million increase in the gain on sale of property, plant and equipment, a $1.1 million decrease in amortization of intangible assets and depreciation of property, plant and equipment and a $0.4 million gain on fair value of equity investment. These increases were partially offset by a $3.8 million negative variance in net foreign exchange and a $3.0 million increase in income tax expense. As a result, basic earnings per share in the third quarter of 2020 was $0.27, an increase of $0.07, from the $0.20 of earnings per share generated in 2019.

TRANSACTIONS WITH RELATED PARTIES

A description of transactions with related parties can be found on page 63 of the 2020 MD&A. As at June 30, 2021, 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 $5.0 million of the Debentures subscribed to certain officers and directors of the Corporation.

PRINCIPAL RISKS AND UNCERTAINTIES

A description of principal risks and uncertainties can be found beginning on page 64 of the 2020 MD&A. As at June 30, 2021, these risks and uncertainties have not changed significantly from those descriptions, however, due to economic implications associated with the COVID-19 health care crisis, some of these risks have been elevated in 2021. Our risks and are summarized as follows:

STRATEGIC RISKS:

- geopolitical risks
    - general economy
    - natural gas and oil drilling and oil sands development
    - changes in the legal framework
- e-commerce and supply chain evolution
- acquisitions
- competition

FINANCIAL RISKS:

- foreign exchange rates
- investments
- access to financing
- reliance on major customers
- impairment of goodwill or intangible assets
- credit risk
- interest rates

OPERATIONAL RISKS:

- employees & labour relations
- cost escalation & fuel costs
- potential operating risks & 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
- regulation
- litigation

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 79 of the 2020 MD&A. As at June 30, 2021, 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 82 of the 2020 MD&A. There have been no new standards or interpretations issued during 2021 that significantly impact Mullen Group.

Changes in Accounting Policies

There have been no changes to our accounting policies in 2021 as compared to those disclosed in our audited annual consolidated financial statements for the fiscal year ended December 31, 2020.

DISCLOSURE AND INTERNAL CONTROLS

Disclosure Controls and Internal Controls over Financial Reporting

As at June 30, 2021, an evaluation of the effectiveness of Mullen Group's 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 Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**"). In accordance with the provisions of National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("**NI 52-109**"), management, including the CEO and CFO, have limited the scope of their design of the Corporation's disclosure controls and procedures to exclude controls, policies and procedures of Bandstra and Babine. Mullen Group acquired Bandstra and Babine on April 16, 2021. During the three month period ended June 30, 2021, Bandstra and Babine generated revenue and earnings before tax of \$24.0 million and \$4.9 million, respectively. As at June 30, 2021, Bandstra and Babine had \$30.0 million of current assets and \$11.9 million of current liabilities. The scope limitation is primarily due to the time required for the Corporation's management to assess Bandstra and Babine's disclosure controls and procedures to ensure that they are consistent with those of the Corporation. Based on this evaluation, the CEO and the CFO concluded that, as at June 30, 2021, the design and operation of Mullen Group's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Corporation in reports filed with, or submitted to, securities regulatory authorities were reported within the time periods specified under Canadian securities laws.

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 CEO and CFO, management conducted an evaluation of the effectiveness of its internal control over financial reporting as at June 30, 2021.

The CEO and CFO limited the scope of their design of the Corporation's internal controls over financial reporting to exclude controls, policies and procedures of Bandstra and Babine due to the time required for the Corporation's management to assess Bandstra and Babine's internal controls over financial reporting to ensure that they are consistent with those of the Corporation. Based on this evaluation, the CEO and CFO concluded that internal control over financial reporting was effective as at June 30, 2021, 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 June 30, 2021, there was no change in our 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 the four acquisitions completed in the second quarter for $184.6 million and one subsequent to quarter end, will add approximately $400.0 million of incremental annualized revenue with two of the larger acquisitions in terms of revenue closing at the end of the quarter, as referred to in the Highlights section on page 3. This forward-looking statement is based on the assumption that we will be able to successfully integrate, realize and achieve the economic benefits of these acquisitions on a go forward basis.

- Mullen Group's comment that finalizing the acquisition of five real quality businesses will add incremental revenue on an annualized basis in excess of $400.0 million putting us well ahead of our long-term plans to achieve $2.0 billion in revenue per year, as referred to in the Executive Summary section beginning on page 4. This forward-looking statement is based on the assumption that we will be able to successfully integrate, realize and achieve the economic benefits of these acquisitions on a go forward basis.

- Mullen Group's comment that we witnessed strength in the demand for "freight of all kinds" beginning in June, a sign of a more positive outlook for business investment and capital deployment, a trend we believe will continue as the year progresses, as referred to in the Executive Summary section beginning on page 4. This forward-looking statement is based on the assumption that health restrictions are being lifted and economic expansion is poised to return. June was the first full month in quite some time that freight demand was strong across virtually all business lines. Consumer demand, which has been one of the steadiest segments of the economy, continued at a robust pace throughout the quarter and we expect this trend to continue.

- Mullen Group's comment that the near-term outlook for our company is very positive, as referred to in the Outlook section beginning on page 6. This forward-looking statement is based on the assumption that the combination of timely acquisitions accompanied by our expectation that a robust economic recovery in Canada will drive freight demand in each of our operating segments.

- Mullen Group's comment that we expect our third quarter results to improve materially, as referred to in the Outlook section beginning on page 6. This forward-looking statement is based on the assumption that we will realize the full benefit of the acquisitions that were just completed as the main contributor, a full economic recovery boosting freight demand along with a constructive outlook for drilling activity due to significantly higher crude oil and natural gas prices, and the restart of the major pipeline projects.

- Mullen Group's comment that we will continue to evaluate acquisition opportunities, however, we will not be as active as this past quarter, as referred to in the Outlook section beginning on page 6. This forward-looking statement is based on the assumption that over the balance of 2021, we will integrate these new Business Units into our organization to capitalize on the synergies associated with the acquisitions, focus on margin improvement and manage our cost structure to ensure we generate maximum value for shareholders.

- Mullen Group's announcement of its plan early in 2020 to allocate $100.0 million over the course of three years to repurchase its Common Shares via an authorized share buyback program, as referred to in the Corporate Overview section beginning on page 7. This forward-looking statement is based on the assumption that we will obtain approvals from the TSX to renew a share buyback program and that we will generate sufficient cash in excess of our financial obligations to support the share buyback program.

- Mullen Group's intention to pay annual dividends of $0.48 per Common Share ($0.04 per Common Share on a monthly basis) for 2021, subject to Board approval, as referred to in the Corporate Overview section beginning on page 7. This forward-looking statement is based on the assumption that we will generate sufficient cash in excess of our financial obligations to support the dividend.

- Mullen Group's intention to invest $60.0 million in capital expenditures, exclusive of corporate acquisitions or investment in facilities, land and buildings, with $50.0 million allocated towards maintenance capital primarily to replace trucks, trailers, specialized equipment and technology to support the operations of the business. In addition, we will allocate $10.0 million to fund growth and create jobs in Canada, as referred to in the Corporate Overview section beginning on page 7. This forward-looking statement is based on the assumption that our Business Units will require capital to support their ongoing operations and growth opportunities and that we will generate sufficient cash in excess of our financial obligations to support the capital expenditures.

- Mullen Group's intention to use working capital, the Bank Credit Facility and the anticipated cash flow from operating activities in 2021 to finance our ongoing working capital requirements, our 2021 dividend, our 2021 capital budget, as well as various special projects and acquisition opportunities, as referred to in the Capital Resources and Liquidity section beginning on page 46. 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. These include, but are not limited to certain strategic, financial and operational risks, most important of which are geopolitical risks including but not limited to a slowdown in the general economy, reduced oil and natural gas drilling and decreased oil sands and heavy oil activity; e-commerce and supply chain evolution; acquisitions; competition; 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; prevailing interest rates; 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; regulatory framework governing matters such as tax and the environment in the jurisdictions in which the Corporation conducts and will conduct its business; and litigation. 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 SEDAR website at 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.

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 operating margin, net income – adjusted, earnings per share – adjusted, net capital expenditures, net debt, total net debt and cash flow per share 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.

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) *($ millions)*	Three month periods ended June 30		Six month periods ended June 30	
	2021	**2020**	**2021**	**2020**
Operating income before depreciation and amortization	**$ 59.0**	$ 55.0	**$ 106.1**	$ 100.2
Revenue	**$ 312.5**	$ 257.5	**$ 603.0**	$ 575.7
Operating margin	**18.9%**	21.4%	**17.6%**	17.4%

Net Income – Adjusted and Earnings per Share – Adjusted

Net income – adjusted and earnings per share – adjusted are calculated by adjusting net income and basic earnings per share by the impact of any net foreign exchange gains and losses, from the change in fair value of investments and from the gain on contingent consideration. Management adjusts net income and earnings per share by excluding these specific factors to more clearly reflect earnings from an operating perspective. See pages 22 and 38 for detailed calculations of net income – adjusted and earnings per share – adjusted.

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) *($ millions)*	Three month periods ended June 30		Six month periods ended June 30	
	2021	**2020**	**2021**	**2020**
Purchase of property, plant and equipment	**$ 12.8**	$ 11.4	**$ 25.3**	$ 27.3
Proceeds on sale of property, plant and equipment	**(7.0)**	(2.2)	**(9.6)**	(3.2)
Net capital expenditures	**$ 5.8**	$ 9.2	**$ 15.7**	$ 24.1

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.

(unaudited) *($ millions)*	**June 30, 2021**	**December 31, 2020**
Long-term debt (including bank indebtedness)	**$ 528.7**	$ 461.7
Convertible debentures - debt component	**112.3**	111.1
Lease liabilities (non-current portion)	**53.1**	23.6
Total debt	**694.1**	596.4
Less working capital:		
Current assets	**298.6**	345.3
Current liabilities (excluding bank indebtedness)	**(162.3)**	(106.2)
Total working capital	**136.3**	239.1
Net debt	**$ 557.8**	$ 357.3

Total Net Debt

The term "*total net debt*" means all debt excluding the Debentures but includes the Private Placement Debt, lease liabilities, the Bank Credit Facility 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.

(unaudited) ***($ millions)***		**June 30, 2021**
Private Placement Debt	**$**	**454.0**
Lease liabilities (including the current portion)		**70.8**
Bank indebtedness		**73.7**
Letters of credit		**3.9**
Long-term debt (including the current portion)		**1.0**
Total debt		**603.4**
Less: unrealized gain on Cross-Currency Swaps		**(31.4)**
Add: unrealized loss on Cross-Currency Swaps		—
Total net debt	**$**	**572.0**

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) ***($ millions, except share and per share amounts)***	**Three month periods ended June 30**				**Six month periods ended June 30**			
		2021		**2020**		**2021**		**2020**
Net cash from operating activities	**$**	**55.9**	$	84.7	**$**	**94.9**	$	124.9
Weighted average number of Common Shares outstanding		**96,259,430**		102,369,236		**96,552,619**		103,591,605
Cash flow per share	**$**	**0.58**	$	0.83	**$**	**0.98**	$	1.21

JUNE 30, 2021

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited) ***(thousands)***	**Note**		**June 30 2021**		**December 31 2020**
Assets					
Current assets:					
Cash and cash equivalents		**$**	**—**	$	105,340
Trade and other receivables	**6**		**233,450**		192,453
Inventory			**35,078**		30,072
Prepaid expenses			**24,655**		13,910
Current tax receivable			**5,431**		3,522
			298,614		345,297
Non-current assets:					
Property, plant and equipment			**982,431**		939,107
Right-of-use assets			**68,305**		32,186
Goodwill			**346,894**		271,340
Intangible assets			**95,919**		45,867
Investments			**37,324**		35,761
Deferred tax assets			**9,058**		9,072
Derivative financial instruments	**7**		**31,442**		37,906
Other assets	**8**		**15,018**		1,400
			1,586,391		1,372,639
Total Assets		**$**	**1,885,005**	$	1,717,936
Liabilities and Equity					
Current liabilities:					
Bank indebtedness	**11**	**$**	**73,738**	$	—
Accounts payable and accrued liabilities			**137,098**		88,153
Dividends payable	**9**		**3,848**		2,906
Current tax payable			**3,660**		3,687
Lease liabilities – current portion			**17,635**		11,439
Current portion of long-term debt	**11**		**62**		16
			236,041		106,201
Non-current liabilities:					
Convertible debentures – debt component	**11**		**112,285**		111,111
Long-term debt	**11**		**454,935**		461,713
Lease liabilities			**53,157**		23,593
Asset retirement obligations			**1,621**		1,609
Deferred tax liabilities			**130,571**		117,291
			752,569		715,317
Equity:					
Share capital	**12**		**869,569**		874,888
Convertible debentures – equity component			**9,116**		9,116
Contributed surplus			**30,345**		36,577
Deficit			**(12,635)**		(24,163)
			896,395		896,418
Subsequent events	**19**				
Total Liabilities and Equity		**$**	**1,885,005**	$	1,717,936

The notes which begin on page 66 are an integral part of these condensed interim consolidated financial statements.

Approved by the Board of Directors on July 21, 2021, 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 COMPREHENSIVE INCOME

(unaudited) *(thousands, except per share amounts)*	Note	Three month periods ended June 30 2021	Three month periods ended June 30 2020	Six month periods ended June 30 2021	Six month periods ended June 30 2020
Revenue	**15**	**$ 312,455**	$ 257,472	**$ 602,962**	$ 575,706
Direct operating expenses		**212,158**	168,073	**417,038**	400,487
Selling and administrative expenses		**41,315**	34,456	**79,870**	75,066
Operating income before depreciation and amortization		**58,982**	54,943	**106,054**	100,153
Depreciation of property, plant and equipment		**17,096**	17,849	**33,904**	35,385
Depreciation of right-of-use assets		**3,188**	2,877	**6,206**	5,769
Amortization of intangible assets		**5,151**	3,380	**10,165**	8,410
Finance costs		**7,166**	7,166	**14,189**	14,375
Net foreign exchange (gain) loss	**7**	**(1,144)**	(5,137)	**(1,276)**	(2,397)
Other (income) expense	**16**	**(1,019)**	(860)	**(1,890)**	456
Income before income taxes		**28,544**	29,668	**44,756**	38,155
Income tax expense	**10**	**6,835**	6,676	**10,087**	10,501
Net income and total comprehensive income		**$ 21,709**	$ 22,992	**$ 34,669**	$ 27,654
Earnings per share:	**13**				
Basic		**$ 0.23**	$ 0.23	**$ 0.36**	$ 0.27
Diluted		**$ 0.23**	$ 0.23	**$ 0.36**	$ 0.27
Weighted average number of Common Shares outstanding:	**13**				
Basic		**96,259**	102,369	**96,553**	103,592
Diluted		**96,338**	102,369	**96,577**	103,592

The notes which begin on page 66 are an integral part of these condensed interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(unaudited) (*thousands*)	Note	Share capital	Convertible debentures – equity component	Contributed surplus	Deficit	Total
Balance at January 1, 2021		**$ 874,888**	**$ 9,116**	**$ 36,577**	**$ (24,163)**	**$ 896,418**
Total comprehensive income for the period		**—**	**—**	**—**	**34,669**	**34,669**
Common Shares repurchased	**12**	**(14,732)**	**—**	**(6,393)**	**—**	**(21,125)**
Common Shares issued on acquisition	**5**	**9,413**	**—**	**—**	**—**	**9,413**
Stock-based compensation expense		**—**	**—**	**161**	**—**	**161**
Dividends declared to common shareholders	**9**	**—**	**—**	**—**	**(23,141)**	**(23,141)**
Balance at June 30, 2021		**$ 869,569**	**$ 9,116**	**$ 30,345**	**$ (12,635)**	**$ 896,395**

(unaudited) (*thousands*)	Note	Share capital	Convertible debentures – equity component	Contributed surplus	Deficit	Total
Balance at January 1, 2020		$ 946,910	$ 9,116	$ 16,860	$ (54,965)	$ 917,921
Total comprehensive income for the period		—	—	—	27,654	27,654
Common Shares repurchased	**12**	(47,290)	—	18,296	—	(28,994)
Stock-based compensation expense		—	—	666	—	666
Dividends declared to common shareholders	**9**	—	—	—	(15,674)	(15,674)
Balance at June 30, 2020		$ 899,620	$ 9,116	$ 35,822	$ (42,985)	$ 901,573

The notes which begin on page 66 are an integral part of these condensed interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited) *(thousands)*	Note	Six month periods ended June 30 2021	2020
Cash provided by (used in):			
Cash flows from operating activities:			
Net income		**$ 34,669**	$ 27,654
Adjustments for:			
Depreciation and amortization		**50,275**	49,564
Finance costs		**14,189**	14,375
Stock-based compensation expense		**161**	666
Foreign exchange loss (gain) on cross-currency swaps	**7**	**6,464**	(17,053)
Foreign exchange (gain) loss		**(6,358)**	13,806
Change in fair value of investments	**16**	**(1,066)**	1,315
(Gain) loss on sale of property, plant and equipment	**16**	**(217)**	728
Gain on contingent consideration	**16**	**(150)**	—
Earnings from equity investments	**16**	**(469)**	(1,600)
Accretion on asset retirement obligations	**16**	**12**	13
Income tax expense	**10**	**10,087**	10,501
Cash flows from operating activities before non-cash working capital items		**107,597**	99,969
Changes in non-cash working capital items from operating activities	**17**	**5,725**	22,624
Cash generated from operating activities		**113,322**	122,593
Income tax (paid) received		**(18,488)**	2,449
Net cash from operating activities		**94,834**	125,042
Cash flows from financing activities:			
Bank indebtedness	**11**	**73,738**	—
Repurchase of Common Shares	**12**	**(17,875)**	(28,994)
Cash dividends paid to common shareholders		**(22,199)**	(20,915)
Interest paid		**(13,244)**	(13,967)
Repayment of long-term debt and loans		**(22)**	—
Repayment of lease liabilities		**(6,634)**	(6,007)
Changes in non-cash working capital items from financing activities	**17**	**(58)**	109
Net cash from (used in) financing activities		**13,706**	(69,774)
Cash flows from investing activities:			
Acquisitions net of cash acquired		**(184,639)**	—
Purchase of property, plant and equipment		**(25,295)**	(27,275)
Proceeds on sale of property, plant and equipment		**9,579**	3,157
Net investment in finance leases		**729**	588
Interest received		**265**	967
Other assets		**(13,174)**	—
Changes in non-cash working capital items from investing activities	**17**	**37**	(634)
Net cash used in investing activities		**(212,498)**	(23,197)
Change in cash and cash equivalents		**(103,958)**	32,071
Cash and cash equivalents at January 1		**105,340**	79,023
Effect of exchange rate fluctuations on cash held		**(1,382)**	850
Cash and cash equivalents at June 30		**$ —**	$ 111,944

The notes which begin on page 66 are an integral part of these condensed interim consolidated financial statements.

(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. 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 and each of its Business Units. 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, 2020, (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.

June 30, 2021 **Financial Instrument**	**Fair Value Hierarchy**		**Carrying Amount**		**Fair Value**
Investments (excluding investments accounted for by using the equity method)	Level 1	$	2,274	$	2,274
Derivative Financial Instruments	Level 2	$	31,442	$	31,442
Private Placement Debt	Level 2	$	454,065	$	444,689
Convertible Debentures – debt component	Level 2	$	112,285	$	116,801

(1) 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

2021 Acquisitions

Bandstra Transportation Systems Ltd./Babine Truck & Equipment Ltd. – On April 16, 2021, Mullen Group acquired all of the issued and outstanding shares of Bandstra Transportation Systems Ltd. ("**Bandstra**") and Babine Truck & Equipment Ltd. ("**Babine"**) for total cash consideration of $75.0 million. Mullen Group recognized $66.4 million of cash used to acquire Bandstra and Babine in its condensed consolidated statement of cash flows, which consists of $75.0 million of cash consideration paid on closing net of $8.6 million of cash acquired. Bandstra is a privately held company headquartered in Smithers, British Columbia and provides a wide range of transportation and logistics services to communities in northern British Columbia including truckload, general freight, less-than-truckload ("**LTL**") and specialized hauling services. Customers are serviced through a network of three leased and eight owned facilities, all of which are included in the acquisition. They operate a fleet of approximately 180 power units, 360 trailers and 70 pieces of support equipment. Babine is an Original Equipment Manufacturer ("**OEM**") dealership providing sales of OEM trucks and trailers and also provides parts, service and maintenance work from three locations in British Columbia supporting the natural resources, energy and transportation industries. Mullen Group acquired Bandstra and Babine as part of its strategy to invest in the transportation sector. The financial results of Bandstra will be included within the Logistics & Warehousing segment while Babine's financial results will be included within the Specialized & Industrial Services segment.

(Tabular amounts in thousands, except share and per share amounts)

Tri Point Intermodal Services Inc. – On June 1, 2021, Mullen Group acquired all of the issued and outstanding shares of Tri Point Intermodal Services Inc. and Trillium Drayage Services Inc. (collectively "**Tri Point**") for total cash consideration of $8.3 million. Tri Point is based out of Mississauga, Ontario and mainly provides intermodal services to and from the Greater Toronto Area. Mullen Group acquired Tri Point as part of its strategy to invest in the transportation sector in eastern Canada. The financial results of Tri Point's operations are included in the Logistics & Warehousing segment.

APPS Transport Group Inc. – On June 24, 2021, Mullen Group acquired all of the issued and outstanding shares of APPS Transport Group Inc. including its operating businesses APPS Cartage Inc. and APPS Cargo Terminals Inc. (collectively "**APPS**") for total consideration of $74.0 million consisting of $64.6 million of cash consideration and from the issuance of 750,000 Common Shares of Mullen Group. Mullen Group recorded $9.4 million of consideration from issuing 750,000 Common Shares. Mullen Group recognized $60.4 million of cash used to acquire APPS in its condensed consolidated statement of cash flows, which consists of $64.6 million of cash consideration paid on closing net of $4.2 million of cash acquired. APPS provides less-than-truckload, truckload and intermodal along with warehousing services primarily from their head office in Mississauga, Ontario, with services extending into five locations throughout western Canada. Mullen Group acquired APPS as part of its strategy to invest in the transportation sector in Canada. The financial results of APPSs operations are included in the Less-Than-Truckload segment.

QuadExpress – On June 30, 2021, Mullen Group acquired all the assets and business of QuadExpress ("**QuadExpress**") from Quad Logistics Services, LLC, an indirect subsidiary of Quad/Graphics, Inc., ("**Quad**") for total cash consideration of $49.6 million. Mullen Group recorded $49.6 million of cash used to acquire the assets and business of QuadExpress in its condensed consolidated statement of cash flows. QuadExpress will be rebranded after a transition period. QuadExpress provides third-party logistics, logistics, technology, delivery and freight transportation services by utilizing its proprietary transportation management platform known as SilverExpress. QuadExpress operates out of Naperville, Illinois. Mullen Group acquired the assets and business of QuadExpress as part of its strategy to grow and expand its service offerings into the United States of America. The financial results of QuadExpress operations will be reported within a new operating segment commencing in the third quarter of 2021 and will be named the "US & International Logistics 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 dates of acquisition. The goodwill acquired in these acquisitions primarily relates to the assembled workforce and the synergies from the integration of the acquired businesses.

	Bandstra	Tri Point	APPS	QuadExpress	Total
Assets:					
Non-cash working capital items	$ 5,954	$ 857	$ (861)	$ 991	**$ 6,941**
Property, plant and equipment	50,861	1,120	5,385	3,718	**61,084**
Right-of-use assets	15,828	2,053	22,404	1,480	**41,765**
Intangible assets	14,285	4,510	24,667	16,755	**60,217**
Goodwill	3,781[(1)]	4,201[(1)]	40,180[(1)]	27,392	**75,554**
Due from shareholder	—	—	1,722	—	**1,722**
Other assets	571	—	—	—	**571**
	91,280	12,741	93,497	50,336	**247,854**
Assumed liabilities:					
Lease liabilities (long-term portion)	14,881	1,602	16,088	733	**33,304**
Long-term debt	938	—	—	—	**938**
Due to shareholder	—	1,508	—	—	**1,508**
Deferred income taxes	9,074	1,339	7,639	—	**18,052**
	24,893	4,449	23,727	733	**53,802**
Net assets before cash and cash equivalents	66,387	8,292	69,770	49,603	**194,052**
Cash and cash equivalents acquired	8,613	21	4,234	—	**12,868**
Net assets	75,000	8,313	74,004	49,603	**206,920**
Consideration:					
Cash	75,000	8,313	64,591	49,603	**197,507**
Share consideration	—	—	9,413	—	**9,413**
	$ 75,000	$ 8,313	$ 74,004	$ 49,603	**$ 206,920**

(1) Goodwill is not deductible for tax purposes

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.

(Tabular amounts in thousands, except share and per share amounts)

6. Trade and Other Receivables

		June 30 2021		December 31 2020
Trade receivables	$	**203,158**	$	171,221
Other receivables		**27,864**		19,450
Net investment in finance leases		**341**		1,085
Contract assets		**2,087**		697
	$	**233,450**	$	192,453

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 six month period ended June 30, 2021, Mullen Group has recorded a net foreign exchange gain of $1.3 million (2020 – $2.4 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 (Gain) Loss	Six month periods ended June 30			
	CDN. $ Equivalent			
		2021		2020
Foreign exchange (gain) loss on U.S. $ debt	$	**(7,740)**	$	14,656
Foreign exchange loss (gain) on Cross-Currency Swaps		**6,464**		(17,053)
Net foreign exchange gain	$	**(1,276)**	$	(2,397)

For the six month period ended June 30, 2021, Mullen Group recorded a foreign exchange (gain) loss on U.S. dollar debt of $(7.7) million (2020 – $14.7 million) as summarized in the table below:

Foreign Exchange (Gain) Loss on U.S. $ Debt	Six month periods ended June 30					
	2021			2020		
($ thousands, except exchange rate amounts)	U.S. $ Debt	Exchange Rate	CDN. $ Equivalent	U.S. $ Debt	Exchange Rate	CDN. $ Equivalent
Ending – June 30	**229,000**	**1.2394**	**283,823**	229,000	1.3628	312,082
Beginning – January 1	**229,000**	**1.2732**	**291,563**	229,000	1.2988	297,426
Foreign exchange (gain) loss on U.S. $ debt			**(7,740)**			14,656

For the six month period ended June 30, 2021, Mullen Group recorded a foreign exchange loss (gain) on its Cross-Currency Swaps of $6.5 million (2020 – $(17.1) 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 Loss (Gain) on Cross-Currency Swaps	Six month periods ended June 30			
	2021		2020	
	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**	**3,366**	117,000	(8,597)
Cross-Currency Swap maturing October 22, 2026	**112,000**	**3,098**	112,000	(8,456)
Foreign exchange loss (gain) on Cross-Currency Swaps		**6,464**		(17,053)

(Tabular amounts in thousands, except share and per share amounts)

8. Other Assets

		June 30 2021		December 31 2020
Promissory notes		**693**		725
Net investment in finance leases[1]		**85**		212
Deposit on acquisition[2]		**12,941**		-
Other		**1,299**		463
	$	**15,018**	$	1,400

[1] 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.

[2] Deposit on acquisition consists of amounts funded to close the July 1, 2021, acquisition of R.S. Harris Transport Ltd. ▶ ***For more information, refer to Note 19***.

9. Dividends Payable

For the six month period ended June 30, 2021, Mullen Group declared dividends totalling $0.24 per Common Share (2020 – $0.15 per Common Share). On December 9, 2020, Mullen Group announced its intention to pay annual dividends of $0.48 per Common Share ($0.04 per Common Share on a monthly basis) for 2021. At June 30, 2021, Mullen Group had 96,207,095 Common Shares outstanding and a dividend payable of $3.8 million (December 31, 2020 – $2.9 million), which was paid on July 15, 2021. Mullen Group also declared a dividend of $0.04 per Common Share on July 20, 2021, to the holders of record at the close of business on July 31, 2021.

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 June 30				Six month periods ended June 30			
		2021		2020		2021		2020
Income before income taxes	**$**	**28,544**	$	29,668	**$**	**44,756**	$	38,155
Combined statutory tax rate		**25%**		26%		**25%**		26%
Expected income tax		**7,136**		7,714		**11,189**		9,920
Add (deduct):								
Non-deductible (taxable) portion of net foreign exchange (gain) loss		**(132)**		(342)		**(147)**		—
Non-deductible (taxable) portion of the change in fair value of investments		**(72)**		(18)		**(123)**		164
Stock-based compensation expense		**22**		79		**37**		166
Changes in unrecognized deferred tax asset		**—**		—		**(936)**		—
Other		**(119)**		(757)		**67**		251
Income tax expense	**$**	**6,835**	$	6,676	**$**	**10,087**	$	10,501

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

Mullen Group has a loan agreement with its lender to borrow up to $150.0 million on an unsecured credit facility (the "**Bank Credit Facility**"). Interest on the Bank 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. As at June 30, 2021, there was $70.3 million drawn on this facility, which was included within the $73.7 million of Bank indebtedness on the condensed consolidated statement of financial position. The remaining $3.4 million included within Bank indebtedness mainly consisted of outstanding cheques at the end of the period. This facility does 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 $3.9 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 Bank Credit Facility.

(Tabular amounts in thousands, except share and per share amounts)

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[1]
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%

[1] *Interest is payable semi-annually.*

Mullen Group's unamortized debt issuance costs of $0.8 million related to its Private Placement Debt have been netted against its carrying value at June 30, 2021 (December 31, 2020 – $0.8 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 Bank Credit Facility 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:

		June 30, 2021		December 31, 2020
Current liabilities:				
Private Placement Debt	**$**	**—**	$	—
Lease liabilities – current portion		**17,635**		11,439
Current portion of long-term debt		**62**		16
Bank indebtedness		**73,738**		—
		91,435		11,455
Non-current liabilities:				
Private Placement Debt		**454,065**		461,713
Lease liabilities		**53,157**		23,593
Long-term debt		**870**		—
		508,092		485,306
	$	**599,527**	$	496,761

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

			June 30, 2021		December 31, 2020	
	Year of Maturity	Interest Rate	Face Value	Carrying Amount	Face Value	Carrying Amount
			$	**$**	$	$
Bank Indebtedness	—	Variable	**73,738**	**73,738**	—	—
Lease liabilities	2021 – 2028	3.20%	**71,949**	**70,792**	37,488	35,032
Private Placement Debt	2024 – 2026	3.84% - 4.07%	**454,823**	**454,065**	462,563	461,713
Various financing loans	2021 – 2024	1.90% - 3.31%	**932**	**932**	16	16
			601,442	**599,527**	500,067	496,761

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 June 30, 2021, was $112.3 million (December 31, 2020 – $111.1 million).

(Tabular amounts in thousands, except share and per share amounts)

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	
	Note	**2021**	**2020**
Issued Common Shares at January 1		**96,852,047**	104,824,973
Common Shares repurchased and cancelled		**(1,394,952)**	(5,204,784)
Common Shares issued on acquisition	**5**	**750,000**	—
Issued Common Shares at June 30		**96,207,095**	99,620,189

On March 3, 2021, Mullen Group announced the renewal of its 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. As at June 30, 2021, Mullen Group had purchased and cancelled 1,394,952 Common Shares for $17.9 million under this NCIB program. Mullen Group has also repurchased 250,376 Common Shares for $3.3 million that are scheduled to be cancelled in July 2021.

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.

In the second quarter of 2021, Mullen Group issued 750,000 Common Shares as partial consideration for the acquisition of APPS. ▶ **For more information, refer to Note 5.**

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 six month periods ended June 30, 2021, were $21.7 million and $34.7 million (2020 – $23.0 million and $27.7 million), respectively. The weighted average number of Common Shares outstanding for the three and six month periods ended June 30, 2021 and 2020 was calculated as follows:

		Three month periods ended June 30		Six month periods ended June 30	
	Note	**2021**	**2020**	**2021**	**2020**
Issued Common Shares at beginning of period	**12**	**96,583,787**	103,824,053	**96,852,047**	104,824,973
Effect of Common Shares repurchased and cancelled	**12**	**(382,049)**	(1,454,817)	**(328,433)**	(1,233,368)
Effect of Common Shares issued on acquisition		**57,692**	—	**29,005**	—
Weighted average number of Common Shares at end of period – basic		**96,259,430**	102,369,236	**96,552,619**	103,591,605

(Tabular amounts in thousands, except share and per share amounts)

(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 June 30		Six month periods ended June 30	
	2021	**2020**	**2021**	**2020**
Net income	**$ 21,709**	$ 22,992	**$ 34,669**	$ 27,654
Effect on finance costs from conversion of Debentures (net of tax)	**—**	—	**—**	—
Net income – adjusted	**$ 21,709**	$ 22,992	**$ 34,669**	$ 27,654

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

	Three month periods ended June 30		Six month periods ended June 30	
	2021	**2020**	**2021**	**2020**
Weighted average number of Common Shares – basic	**96,259,430**	102,369,236	**96,552,619**	103,591,605
Effect of "in the money" stock options	**78,154**	—	**24,623**	—
Effect of the Debentures	**—**	—	**—**	—
Weighted average number of Common Shares at end of period – diluted	**96,337,584**	102,369,236	**96,577,242**	103,591,605

For the three and six month periods ended June 30, 2021 and 2020, 700,000 stock options outstanding were included in the diluted weighted average number of Common Shares calculation as their effect would have been 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 June 30, 2021 and 2020. For the three and six month periods ended June 30, 2021 and 2020, the Common Shares that would be issued upon 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 three distinct operating segments for reporting purposes – Less-Than-Truckload, Logistics & Warehousing and Specialized & Industrial Services. 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 Investments Inc. ("**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. In the third quarter of 2021, Mullen Group will commence with reporting financial results in four segments. The US & International Logistics segment will be added as a new segment and reflects its strategic direction to grow its US and International logistics business with the acquisition of the assets and business of QuadExpress being the first in this segment. ▶ **For more information, refer to Notes 5 and 18.**

At June 30, 2021, 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

(Tabular amounts in thousands, except share and per share amounts)

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 June 30, 2021, 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 June 30, 2021, the Specialized & Industrial Services segment consisted of 16 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.

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:

Six month period ended June 30, 2021	**Less-than-Truckload**	**Logistics & Warehousing**	**Specialized & Industrial Services**	**Corporate**	**Intersegment eliminations**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Revenue by service line						
Transportation	**235,645**	**127,351**	**71,759**	**—**	**—**	**434,755**
Logistics	**12,794**	**44,715**	**6,567**	**—**	**—**	**64,076**
Other[(1)]	**2,842**	**42,046**	**68,484**	**2,139**	**—**	**115,511**
Eliminations	**(3,927)**	**(2,259)**	**(1,091)**	**—**	**(4,103)**	**(11,380)**
	247,354	**211,853**	**145,719**	**2,139**	**(4,103)**	**602,962**
Timing of revenue recognition						
Over time	**235,765**	**129,529**	**98,036**	**1,712**	**—**	**465,042**
Point in time	**15,516**	**84,583**	**48,774**	**427**	**—**	**149,300**
Eliminations	**(3,927)**	**(2,259)**	**(1,091)**	**—**	**(4,103)**	**(11,380)**
	247,354	**211,853**	**145,719**	**2,139**	**(4,103)**	**602,962**

(1) Included within other revenue is $16.1 million of rental revenue comprised of $0.1 million, $2.2 million, $12.1 million and $1.7 million recorded in the Less-Than-Truckload segment, the Logistics & Warehousing segment, the Specialized & Industrial Services segment and Corporate, respectively. Mullen Group also provides a diverse set of specialized services related to the warehousing, energy, mining, forestry and construction industries.

Six month period ended June 30, 2020	**Less-than-Truckload**	**Logistics & Warehousing**	**Specialized & Industrial Services**	**Corporate**	**Intersegment eliminations**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Revenue by service line						
Transportation	205,485	101,183	101,492	—	—	408,160
Logistics	10,441	40,881	2,341	—	—	53,663
Other[(1)]	2,264	39,159	82,524	1,697	—	125,644
Eliminations	(3,426)	(2,239)	(1,518)	—	(4,578)	(11,761)
	214,764	178,984	184,839	1,697	(4,578)	575,706
Timing of revenue recognition						
Over time	205,601	103,705	136,217	1,258	—	446,781
Point in time	12,589	77,518	50,140	439	—	140,686
Eliminations	(3,426)	(2,239)	(1,518)	—	(4,578)	(11,761)
	214,764	178,984	184,839	1,697	(4,578)	575,706

(1) Included within other revenue is $16.7 million of rental revenue comprised of $0.1 million, $2.5 million, $12.8 million and $1.3 million recorded in the Less-Than-Truckload segment, the Logistics & Warehousing segment, the Specialized & Industrial Services segment and Corporate, respectively. Mullen Group also provides a diverse set of specialized services related to the warehousing, energy, mining, forestry and construction industries.

(Tabular amounts in thousands, except share and per share amounts)

16. Other (Income) Expense

	Three month periods ended June 30		Six month periods ended June 30	
	2021	**2020**	**2021**	**2020**
Change in fair value of investments	**$ (624)**	$ (137)	**$ (1,066)**	$ 1,315
Loss (gain) on sale of property, plant and equipment	**32**	711	**(217)**	728
Gain on contingent consideration	**(150)**	—	**(150)**	—
Earnings from equity investments	**(283)**	(1,441)	**(469)**	(1,600)
Accretion on asset retirement obligations	**6**	7	**12**	13
Other (income) expense	**$ (1,019)**	$ (860)	**$ (1,890)**	$ 456

17. Changes in Non-Cash Working Capital

	Six month periods ended June 30	
	2021	**2020**
Trade and other receivables	**$ 10,399**	$ 36,442
Inventory	**(2,852)**	500
Prepaid expenses	**(8,135)**	(5,464)
Accounts payable and accrued liabilities	**6,292**	(9,379)
	$ 5,704	$ 22,099

	Six month periods ended June 30	
	2021	**2020**
Changes in non-cash working capital items from:		
Operating activities	**$ 5,725**	$ 22,624
Financing activities	**(58)**	109
Investing activities	**37**	(634)
	$ 5,704	$ 22,099

18. Operating Segments

Mullen Group reports its financial results in three operating segments. These three 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. In the third quarter of 2021, Mullen Group will commence with reporting financial results in four segments. ▶ **For more information, refer to Notes 5 and 15**.

(Tabular amounts in thousands, except share and per share amounts)

The following tables provide financial results by segment:

					Intersegment eliminations			
Three month period ended June 30, 2021	**Less-than-Truckload**	**Logistics & Warehousing**	**Specialized & Industrial Services**	**Corporate**	**Less-than-Truckload**	**Logistics & Warehousing**	**Specialized & Industrial Services**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenue	**126,691**	**120,504**	**66,424**	**1,277**	**(278)**	**(1,270)**	**(893)**	**312,455**
Income (loss) before income taxes	**12,233**	**15,104**	**2,390**	**(1,183)**	**—**	**—**	**—**	**28,544**
Depreciation of property, plant and equipment	**3,980**	**3,345**	**8,218**	**1,553**	**—**	**—**	**—**	**17,096**
Amortization of intangible assets	**1,922**	**1,885**	**1,344**	**—**	**—**	**—**	**—**	**5,151**
Capital expenditures(1)	**5,211**	**3,138**	**4,480**	**233**	**—**	**(135)**	**(196)**	**12,731**
Total assets at June 30, 2021	**487,695**	**349,495**	**389,297**	**658,518(2)**	**—**	**—**	**—**	**1,885,005**

(1) Excludes business acquisitions.
(2) Includes the assets of QuadExpress which will be reclassified to the US & International Logistics segment in the third quarter.

					Intersegment eliminations			
Three month period ended June 30, 2020	**Less-than-Truckload**	**Logistics & Warehousing**	**Specialized & Industrial Services**	**Corporate**	**Less-than-Truckload**	**Logistics & Warehousing**	**Specialized & Industrial Services**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenue	101,896	82,739	73,553	1,030	(170)	(775)	(801)	257,472
Income before income taxes	11,169	10,033	4,416	4,050	—	—	—	29,668
Depreciation of property, plant and equipment	3,574	2,796	9,991	1,488	—	—	—	17,849
Amortization of intangible assets	991	1,523	866	—	—	—	—	3,380
Capital expenditures(1)	1,732	2,573	2,781	5,792	—	(124)	(1,405)	11,349
Total assets at December 31, 2020	363,517	249,470	420,104	684,845	—	—	—	1,717,936

(1) Excludes business acquisitions.

(Tabular amounts in thousands, except share and per share amounts)

Six month period ended June 30, 2021	Less-than-Truckload	Logistics & Warehousing	Specialized & Industrial Services	Corporate	Intersegment eliminations Less-than-Truckload	Intersegment eliminations Logistics & Warehousing	Intersegment eliminations Specialized & Industrial Services	Total
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenue	**247,354**	**211,853**	**145,719**	**2,139**	**(477)**	**(2,467)**	**(1,159)**	**602,962**
Income (loss) before income taxes	**19,267**	**23,203**	**5,147**	**(2,861)**	**—**	**—**	**—**	**44,756**
Depreciation of property, plant and equipment	**8,408**	**6,101**	**16,330**	**3,065**	**—**	**—**	**—**	**33,904**
Amortization of intangible assets	**3,844**	**3,639**	**2,682**	**—**	**—**	**—**	**—**	**10,165**
Capital expenditures(1)	**12,795**	**6,066**	**5,516**	**1,555**	**(55)**	**(295)**	**(287)**	**25,295**
Total assets at June 30, 2021	**487,695**	**349,495**	**389,297**	**658,518(2)**	**—**	**—**	**—**	**1,885,005**

(1) Excludes business acquisitions
(2) Includes the assets of QuadExpress which will be reclassified to the US & International Logistics segment in the third quarter.

Six month period ended June 30, 2020	Less-than-Truckload	Logistics & Warehousing	Specialized & Industrial Services	Corporate	Intersegment eliminations Less-than-Truckload	Intersegment eliminations Logistics & Warehousing	Intersegment eliminations Specialized & Industrial Services	Total
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenue	214,764	178,984	184,839	1,697	(322)	(3,144)	(1,112)	575,706
Income (loss) before income taxes	13,513	19,084	7,260	(1,702)	—	—	—	38,155
Depreciation of property, plant and equipment	7,041	5,541	19,834	2,969	—	—	—	35,385
Amortization of intangible assets	3,632	3,047	1,731	—	—	—	—	8,410
Capital expenditures(1)	8,653	4,944	7,880	7,421	—	(158)	(1,465)	27,275
Total assets at December 31, 2020	363,517	249,470	420,104	684,845	—	—	—	1,717,936

(1) 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 CEO 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.

19. Subsequent Events

Subsequent to June 30, 2021, until the date of this report, the Corporation repurchased 250,376 Common Shares at a total cost of $3.2 million.

R.S. Harris Transport Ltd. – On July 1, 2021, Mullen Group acquired all of the issued and outstanding shares of R.S. Harris Transport Ltd. ("**Harris**") for total cash consideration of $11.5 million, subject to a working capital adjustment. The cash required to close the acquisition of Harris was funded in June 2021 and recognized within Other assets at June 30, 2021. ▶ **For more information, refer to Note 8.** Harris is a privately held company headquartered in Winnipeg, Manitoba and provides a wide range of transportation and logistics services including intermodal, truckload and general freight services. The acquisition of Harris aligns with Mullen Group's strategy of acquiring transportation and logistics companies that have a strong regional presence. The financial results of Harris will be included within the Less-Than-Truckload segment.

CORPORATE INFORMATION

DIRECTORS | OFFICERS

Murray K. Mullen
Chairman of the Board, Chief Executive Officer,
President and Director

Sonia Tibbatts, MBA
Lead Director

Stephen H. Lockwood, LLB
Director

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

David E. Mullen
Director

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

P. Stephen Clark, FCPA, FCMA, ICD.D
Chief Financial Officer

Richard J. Maloney
Senior Vice President

Joanna K. Scott
Corporate Secretary and
Vice President, Corporate Services

Carson Urlacher, CPA, CA
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