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Mullen Group Ltd. Announces 2024 Fourth Quarter Financial Results and Filing of Disclosure Documents

(Okotoks, Alberta February 13, 2025) (TSX: MTL) Mullen Group Ltd. ("Mullen Group", "We", "Our" and/or the "Corporation"), one of Canada's largest logistics providers today reported its financial and operating results for the quarter and year ended December 31, 2024, with comparisons to the same period last year. Full details of our financial and operating results may be found within our 2024 Annual Financial Review, which is available on the Corporation's issuer profile on SEDAR+ at www.sedarplus.ca or on our website at www.mullen-group.com.

"Looking at our financial performance in the fourth quarter, in fact for the entire year, you might conclude that not much was happening at the Mullen Group last year. But that was not the case at all. It took a lot of hard work by everyone in our 40 Business Units and at Corporate Office to mitigate the very challenging market conditions. Not only was demand soft, but pricing pressures intensified, due to undisciplined competition. These were difficult issues to deal with, so for Mullen Group to accomplish what we did last year, keeping revenues flat and improving operating income before depreciation and amortization, is something all of our business associates and teams can be proud of. I fully expect we can build from all this hard work in future years," commented Mr. Murray K. Mullen, Chair and Senior Executive Officer.

"From a demand perspective, I do not believe that 2025 will be any better than last year. The Canadian economy remains rangebound, at best, with downside risks emerging due to the potential for trade disruptions between Canada and the U.S. And, when you couple trade disruptions along with the fact that Canada is lagging in terms of capital investment, the only conclusion that I come to is that the demand for freight services will continue to underwhelm. We will monitor these events carefully and will adapt our business as required. Thankfully, however, we maintain a very strong balance sheet and we have a diversified portfolio of Business Units, two competitive advantages during uncertain times. There will undoubtedly be acquisition opportunities available for our review, but we will only pursue ones that add value to Mullen Group shareholders," added Mr. Mullen.

Financial Highlights

(unaudited) (\$ millions, except per share amounts)	Three month periods ended December 31			Twelve month periods ended December 31		
	2024	2023	Change	2024	2023	Change
	\$	\$	%	\$	\$	%
Revenue	499.1	498.6	0.1	1,989.3	1,994.7	(0.3)
Operating income before depreciation and amortization	85.0	79.2	7.3	332.2	328.2	1.2
Net foreign exchange loss (gain)	8.7	(0.8)	(1,187.5)	6.3	(4.2)	(250.0)
Decrease (increase) in fair value of investments	(0.4)	(0.3)	33.3	(0.7)	(0.3)	133.3
Net income	18.9	29.4	(35.7)	112.3	136.7	(17.8)
Net Income – adjusted ⁽¹⁾	28.5	30.4	(6.3)	119.6	134.4	(11.0)
Earnings per share – basic	0.21	0.33	(36.4)	1.28	1.52	(15.8)
Earnings per share – diluted	0.21	0.32	(34.4)	1.23	1.45	(15.2)
Earnings per share – adjusted ⁽¹⁾	0.33	0.34	(2.9)	1.36	1.49	(8.7)
Net cash from operating activities	111.4	105.0	6.1	296.1	276.8	7.0
Net cash from operating activities per share	1.27	1.18	7.6	3.37	3.08	9.4
Cash dividends declared per Common Share	0.21	0.18	16.7	0.77	0.72	6.9

⁽¹⁾ Refer to the section entitled "Non-IFRS Financial Measures".

Fourth Quarter Highlights

- Generated revenue of \$499.1 million - up slightly on incremental revenue from acquisitions being offset by less capital investment in Canada, continued soft freight demand and lower fuel surcharge revenue.
- Operating income before depreciation and amortization ("**OIBDA**") of \$85.0 million - up 7.3 percent from prior year due to incremental OIBDA from acquisitions and a positive variance in foreign exchange within Corporate.
- Operating margin¹ improved to 17.0 percent from 15.9 percent last year due to lower direct operating expenses ("**DOE**") as a percentage of consolidated revenue despite more competitive pricing conditions in certain markets and a reduction in higher margin specialized business.

Fourth Quarter Commentary

<i>(unaudited)</i> (\$ millions)	Three month periods ended December 31		
	2024	2023	Change
	\$	\$	%
Revenue			
Less-Than-Truckload	189.4	190.0	(0.3)
Logistics & Warehousing	160.9	140.8	14.3
Specialized & Industrial Services	103.8	122.5	(15.3)
U.S. & International Logistics	47.5	47.7	(0.4)
Corporate and intersegment eliminations	(2.5)	(2.4)	-
Total Revenue	499.1	498.6	0.1
Operating income before depreciation and amortization			
Less-Than-Truckload	31.4	29.9	5.0
Logistics & Warehousing	33.2	29.1	14.1
Specialized & Industrial Services	16.2	24.6	(34.1)
U.S. & International Logistics	1.1	0.4	175.0
Corporate	3.1	(4.8)	(164.6)
Total operating income before depreciation and amortization	85.0	79.2	7.3

Revenue: A slight increase to \$499.1 million due to incremental revenue from acquisitions being almost completely offset by less capital investment in Canada, continued soft freight demand and lower fuel surcharge revenue.

- LTL segment down \$0.6 million, or 0.3 percent, to \$189.4 million - the slight decline in revenue is attributable to a \$5.3 million decrease in fuel surcharge revenue being offset by \$5.8 million of incremental revenue from acquisitions. Revenue from Business Units (excluding fuel surcharge and acquisitions) declined slightly due to a softening in the overall demand and from demarketing underperforming business.
- L&W segment up \$20.1 million, or 14.3 percent, to \$160.9 million - acquisitions added \$30.9 million of incremental revenue which is somewhat offset by a lack of capital investment in Canada, and a softer environment for freight and logistics demand as suppliers and manufacturers continued to remain reluctant on increasing inventory levels in 2024. Fuel surcharge revenue decreased by \$2.4 million due to lower diesel fuel prices.
- S&I segment down \$18.7 million, or 15.3 percent, to \$103.8 million - the decline is driven by an \$11.1 million reduction in revenue for pipeline hauling and stringing services at Premay Pipeline Hauling L.P. ("**Premay Pipeline**") due to the substantial completion of the Trans Mountain Expansion Project and the Coastal GasLink Pipeline Project. Smook Contractors Ltd. also experienced lower demand for civil construction services in northern Manitoba. Fuel surcharge revenue decreased by \$0.5 million as compared to the prior period.
- US 3PL segment down \$0.2 million, or 0.4 percent, to \$47.5 million - the 3PL industry experienced lower freight demand for full truckload shipments and lower pricing per shipment resulting from the ongoing competitive operating environment.

¹ Refer to the section entitled "Other Financial Measures".

OIBDA: Generated \$85.0 million of OIBDA, an increase of \$5.8 million, or 7.3 percent due to incremental OIBDA from acquisitions and a positive foreign exchange variance within Corporate. Operating margins¹ improved to 17.0 percent from 15.9 percent.

- LTL segment up \$1.5 million, or 5.0 percent, to \$31.4 million - the increase is due to more efficient operations, most notably from the restructuring of B.& R. Eckel's Transport Ltd. ("B&R") LTL operations. Operating margin¹ increased by 0.9 percent to 16.6 percent primarily due to lower DOE as a percentage of segment revenue.
- L&W segment up \$4.1 million, or 14.1 percent, to \$33.2 million - acquisitions added \$5.4 million of incremental OIBDA which was somewhat offset by a decrease in OIBDA generated from our legacy Business Units due to revenue declines resulting from lower freight volumes and more competitive pricing. Operating margin¹ decreased slightly by 0.1 percent to 20.6 percent primarily due to higher selling and administrative ("S&A") expenses.
- S&I segment down \$8.4 million, or 34.1 percent to \$16.2 million - the decrease was due to lower OIBDA at Premay Pipeline on reduced activity levels and from lower OIBDA at Mullen Oilfield Services L.P. and B&R. Operating margin¹ decreased by 4.5 percent to 15.6 percent on higher DOE due to a reduction in higher margin business and from higher S&A expenses.
- US 3PL segment up \$0.7 million, or 175.0% to \$1.1 million - primarily due to lower S&A expenses which were driven by a positive variance in foreign exchange. Operating margin¹ increased to 2.3 percent from 0.8 percent primarily due to lower S&A expenses as a percentage of segment revenue. Operating margin¹ as a percentage of net revenue¹ was 28.2 percent as compared to 9.8 percent in 2023.

Net income: Net income decreased by \$10.5 million, or 35.7 percent to \$18.9 million or \$0.21 per Common Share due to:

- A \$9.5 million negative variance in net foreign exchange and a \$4.4 million increase in depreciation of right-of-use assets which is mainly associated with the acquisition of ContainerWorld Forwarding Services Inc.
- These decreases were somewhat offset by a \$5.8 million increase in OIBDA and a \$1.5 million decrease in income tax expense.

Financial Position

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

- Repaid \$217.2 million of Private Placement Debt (net of Cross-Currency Swaps) on October 22, 2024, the original maturity date.
- Undrawn New Bank Credit Facilities with a borrowing capacity of \$525.0 million.
- Working capital at December 31, 2024, was \$281.5 million including \$126.3 million of cash.
- Total net debt¹ (\$850.1 million) to operating cash flow (\$339.2 million) of 2.51:1 as defined per our 2014 Notes agreement (threshold of 3.50:1).
- Total net debt¹ (\$758.2 million) to operating cash flow (\$339.2 million) of 2.24:1 as defined per our 2024 Notes agreement (threshold of 3.50:1).
- Net book value of property, plant and equipment of \$1.0 billion, which includes \$659.3 million of carrying costs of owned real property.

¹ Refer to sections entitled "Non-IFRS Financial Measures" and "Other Financial Measures".

Non-IFRS Financial Measures

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

Net Income – Adjusted and Earnings per Share – Adjusted

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

<i>(unaudited)</i> (\$ millions, except share and per share amounts)	Three month periods ended December 31		Years ended December 31	
	2024	2023	2024	2023
Income before income taxes	\$ 29.7	\$ 41.7	\$ 153.8	\$ 183.1
Add (deduct):				
Net foreign exchange (gain) loss	8.7	(0.8)	6.3	(4.2)
Change in fair value of investments	(0.4)	(0.3)	(0.7)	(0.3)
Loss on fair value of equity investment	—	—	—	0.6
Income before income taxes – adjusted	38.0	40.6	159.4	179.2
Income tax rate	25%	25%	25%	25%
Computed expected income tax expense	(9.5)	(10.2)	39.8	(44.8)
Net income – adjusted	28.5	30.4	119.6	134.4
Weighted average number of Common Shares outstanding – basic	87,656,732	88,423,848	87,851,858	89,931,795
Earnings per share – adjusted	\$ 0.33	\$ 0.34	\$ 1.36	\$ 1.49

Net Revenue

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

<i>(unaudited)</i> (\$ millions)	Three month periods ended December 31		Years ended December 31	
	2024	2023	2024	2023
Revenue	\$ 47.5	\$ 47.7	\$ 184.5	\$ 198.3
Direct operating expenses	(43.6)	(43.6)	(168.7)	(180.2)
Net Revenue	\$ 3.9	\$ 4.1	\$ 15.8	\$ 18.1

Other Financial Measures

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

Supplementary Financial Measures

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

Operating Margin

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

<i>(unaudited)</i> (\$ millions)	Three month periods ended December 31		Years ended December 31	
	2024	2023	2024	2023
OIBDA	\$ 85.0	\$ 79.2	\$ 332.2	\$ 328.2
Revenue	\$ 499.1	\$ 498.6	\$ 1,989.3	\$ 1,994.7
Operating margin	17.0%	15.9%	16.7%	16.5%

Capital Management Measures

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

Total Net Debt – 2014 Notes Calculation

The term "2014 total net debt" is defined in the 2014 Notes agreement as all debt including the Private Placement Debt, lease liabilities, the New Bank Credit Facilities and letters of credit less any unrealized gain on Cross-Currency Swaps plus any unrealized loss on Cross-Currency Swaps, as disclosed within Derivatives on the consolidated statement of financial position. 2014 total net debt specifically excludes the Debentures. 2014 total net debt is defined within our 2014 Notes agreement and is used to calculate our 2014 total net debt to 2014 operating cash flow covenant. Management calculates and discloses 2014 total net debt to provide users with an understanding of how our debt covenant is calculated.

<i>(unaudited)</i> (\$ millions)	December 31, 2024
Private Placement Debt (including the current portion)	\$ 649.2
Lease liabilities (including the current portion)	227.8
Bank indebtedness	—
Letters of credit	3.6
Long-term debt (including the current portion)	0.1
Total debt	880.7
Less: unrealized gain on Cross-Currency Swaps	(30.6)
Add: unrealized loss on Cross-Currency Swaps	—
2014 total net debt	\$ 850.1

Total Net Debt – 2024 Notes Calculation

The term "2024 total net debt" is defined in the 2024 Note agreement as all debt including the Debentures, the Private Placement Debt, lease liabilities associated with operating equipment, the New Bank Credit Facilities and letters of credit less any unrealized gain on Cross-Currency Swaps plus any unrealized loss on Cross-Currency Swaps, as disclosed within Derivatives on the condensed consolidated statement of financial position. 2024 total net debt specifically excludes any real property lease liabilities. 2024 total net debt is defined within our 2024 Note agreement and is used to calculate our 2024 total net debt to 2024 operating cash flow covenant. Management calculates and discloses 2024 total net debt to provide users with an understanding of how our debt covenant is calculated.

<i>(unaudited)</i> (\$ millions)	December 31, 2024
Private Placement Debt (including the current portion)	\$ 649.2
Lease liabilities (including the current portion)	227.8
Debentures	120.5
Bank indebtedness	—
Letters of credit	3.6
Long-term debt (including the current portion)	0.1
Total debt	1,001.2
Less: Real property lease liabilities	(212.4)
Less: unrealized gain on Cross-Currency Swaps	(30.6)
Add: unrealized loss on Cross-Currency Swaps	—
2024 total net debt	\$ 758.2

About Mullen Group Ltd.

Mullen Group is a public company with a long history of acquiring companies in the transportation and logistics industries. Today, we have one of the largest portfolios of logistics companies in North America, providing a wide range of transportation, warehousing and distribution services through a network of independently operated businesses. Service offerings include less-than-truckload, truckload, warehousing, logistics, transload, oversized, third-party logistics and specialized hauling transportation. In addition, our businesses provide a diverse set of specialized services related to the energy, mining, forestry and construction industries in western Canada, including water management, fluid hauling and environmental reclamation. The corporate office provides the capital and financial expertise, legal support, technology and systems support, shared services and strategic planning to its independent businesses.

Mullen Group is listed on the Toronto Stock Exchange under the symbol "MTL". Additional information is available on our website at www.mullen-group.com or on the Corporation's issuer profile on SEDAR+ at www.sedarplus.ca.

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Disclaimer

Mullen Group may make statements in this news release that reflect its current beliefs and assumptions and are based on information currently available to it and contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. This news release may contain forward-looking statements that are subject to risk factors associated with the overall economy and the oil and natural gas business. These forward-looking statements relate to future events and Mullen Group's future performance. All forward looking statements and information contained herein that are not clearly historical in nature constitute forward-looking statements, and the words "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "propose", "predict", "potential", "continue", "aim", or the negative of these terms or other comparable terminology are generally intended to identify forward-looking statements. Such forward-looking statements represent Mullen Group's internal projections, estimates, expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. These forward-looking statements involve known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Mullen Group believes that the expectations reflected in these forward-looking statements are reasonable; however, undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. In particular, forward-looking statements include but are not limited to the following: (i) from a demand perspective, our belief that 2025 will not be any better than last year; (ii) our belief that the demand for freight services will continue to underwhelm; and (iii) our belief that there will undoubtedly be acquisition opportunities available for our review. These forward-looking statements are based on certain assumptions and analyses made by Mullen Group in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. These assumptions include but are not limited to the following: (i) that the Canadian economy remains rangebound, at best, with downside risks emerging due to the potential for trade disruptions between Canada and the U.S.; (ii) the fact that Canada is lagging in terms of capital investment; (iii) that Mullen Group will monitor these events carefully and will adapt our business as required; (iv) that acquisition opportunities will present themselves to Mullen Group; (v) that Mullen Group will only pursue acquisitions that add value to Mullen Group shareholders; (vi) that we have the balance sheet to execute acquisitions; and (vii) that Mullen Group maintains a very strong balance sheet and has a diversified portfolio of Business Units, two competitive advantages during uncertain times. For further information on any strategic, financial, operational and other outlook on Mullen Group's business please refer to Mullen Group's Management's Discussion and Analysis available for viewing on Mullen Group's issuer profile on SEDAR+ at www.sedarplus.ca. Additional information on risks that could affect the operations or financial results of Mullen Group may be found under the heading "Principal Risks and Uncertainties" starting on page 48 of the 2024 Annual Financial Review as well as in reports on file with applicable securities regulatory authorities and may be accessed through Mullen Group's issuer profile on the SEDAR+ website at www.sedarplus.ca. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained herein is made as of the date of this news release and Mullen Group disclaims any intent or obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable Canadian securities laws. Mullen Group relies on litigation protection for forward-looking statements.