Mullen Group Ltd.

NEWS RELEASE

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Mullen Group Ltd.
Reports Solid Third Quarter Financial Results including Record Quarterly Revenues

(Okotoks, Alberta October 24, 2024) (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 period ended September 30, 2024, with comparisons to the same period last year. Full details of the results may be found within our Third Quarter Interim Report, which is available on the Corporation's issuer profile on SEDAR+ at www.sedarplus.ca or at www.mullen-group.com.

> *"An excellent quarter for our group even though the economy remains in neutral. Acquisitions continue to drive growth, however, I was really pleased with the performance of our Business Units, where the real difficult work is handled. All of our teams did a great job navigating the difficult market and controlling costs. As a result, we generated record revenues and near record operating profitability,"* commented Mr. Murray K. Mullen, Chair and Senior Executive Officer.

> *"This is a very frustrating time for anyone involved in the private sector. There is limited growth in most verticals, which is contributing to ultra competitive markets. It is within this backdrop that the Mullen Group stands apart from most of our peers. We have a long history of acquiring good companies at a fair price. Of equal importance is that we have the balance sheet to execute the deal. But we will not lose our discipline just because we can, choosing to only pursue transactions that add value to Mullen Group shareholders. After 75 years in business, we know how to handle difficult and challenging markets,"* added Mr. Mullen.

Financial Highlights

(unaudited)	Three month periods ended September 30			Nine month periods ended September 30		
($ millions, except per share amounts)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
	$	$	%	$	$	%
Revenue	**532.0**	504.0	5.6	**1,490.2**	1,496.1	(0.4)
Operating income before depreciation and amortization	**95.3**	88.6	7.6	**247.2**	249.0	(0.7)
Net foreign exchange (gain) loss	**(2.8)**	(0.2)	1,300.0	**(2.4)**	(3.4)	(29.4)
Decrease (increase) in fair value of investments	**-**	(0.2)	(100.0)	**(0.3)**	-	-
Net income	**38.3**	39.1	(2.0)	**93.4**	107.3	(12.9)
Net Income - adjusted[1]	**35.8**	38.0	(5.8)	**91.1**	104.0	(12.4)
Earnings per share - basic	**0.44**	0.44	-	**1.06**	1.19	(10.9)
Earnings per share - diluted	**0.41**	0.42	(2.4)	**1.02**	1.13	(9.7)
Earnings per share - adjusted[1]	**0.41**	0.43	(4.7)	**1.04**	1.15	(9.6)
Net cash from operating activities	**66.2**	49.6	33.5	**184.7**	171.8	7.5
Net cash from operating activities per share	**0.75**	0.56	33.9	**2.10**	1.90	10.5
Cash dividends declared per Common Share	**0.20**	0.18	11.1	**0.56**	0.54	3.7

[1] *Refer to the section entitled "Non-IFRS Financial Measures".*

Third Quarter Highlights

- Generated record quarterly revenue of $532.0 million - acquisitions drove revenue growth while our diversified business model led to greater demand for certain services within the S&I segment. These increases were somewhat offset by the completion of major capital construction projects including the Trans Mountain Expansion Project ("**TMX**") and the Coastal GasLink Pipeline Project ("**CGL**"), from demarketing some underperforming LTL business, a lack of private sector capital investment in Canada, competitive pricing pressures in certain markets due to excess capacity in the freight markets, lower freight demand as manufacturers continued to be reluctant to increase inventory levels, and a decline in fuel surcharge revenue.
- Operating income before depreciation and amortization ("**OIBDA**") of $95.3 million - up 7.6 percent from prior year on $6.4 million of incremental OIBDA from acquisitions and improved results in the LTL segment and the L&W segment (excluding acquisitions). These increases were somewhat offset by lower OIBDA in the S&I and US 3PL segments and from higher Corporate costs.
- Operating margin[1] improved to 17.9 percent from 17.6 percent on 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. Selling and administrative ("**S&A**") expenses increased as a percentage of consolidated revenue resulting from a negative variance in foreign exchange and higher costs experienced at our most recent acquisition, ContainerWorld Forwarding Services Inc.

Third Quarter Commentary

(unaudited) ***($ millions)***	**Three month periods ended September 30**		
	2024	**2023**	**Change**
	$	$	%
Revenue			
Less-Than-Truckload	**188.7**	194.2	(2.8)
Logistics & Warehousing	**168.9**	137.1	23.2
Specialized & Industrial Services	**131.8**	125.4	5.1
U.S. & International Logistics	**45.7**	48.8	(6.4)
Corporate and intersegment eliminations	**(3.1)**	(1.5)	-
Total Revenue	**532.0**	504.0	**5.6**
Operating income before depreciation and amortization			
Less-Than-Truckload	**35.7**	34.5	3.5
Logistics & Warehousing	**35.2**	26.8	31.3
Specialized & Industrial Services	**28.5**	29.7	(4.0)
U.S. & International Logistics	**0.3**	1.1	(72.7)
Corporate	**(4.4)**	(3.5)	-
Total Operating income before depreciation and amortization	**95.3**	88.6	**7.6**

Revenue: An increase of $28.0 million or 5.6 percent to $532.0 million, led by incremental revenue from acquisitions and higher revenue in the S&I segment being somewhat offset by lower revenue in the LTL and US 3PL segments.

- LTL segment down $5.5 million, or 2.8 percent, to $188.7 million - revenues were down due to a softening in overall freight demand, from demarketing underperforming business and from a $1.6 million decrease in fuel surcharge revenue to $33.8 million.
- L&W segment up $31.8 million, or 23.2 percent, to $168.9 million - revenues improved as acquisitions added $33.6 million of incremental revenue, which was somewhat offset by $1.4 million of lower revenue from our Business Units (excluding acquisitions and fuel surcharge) due to a lack of capital investment in the private sector, from competitive pricing pressures in certain markets and from shippers electing to keep a tight rein on inventory levels. Fuel surcharge revenue also declined by $0.4 million to $15.8 million.

[1] *Refer to the sections entitled "Non-IFRS Financial Measures" and "Other Financial Measures".*

- S&I segment up $6.4 million, or 5.1 percent, to $131.8 million - revenues increased on greater activity levels in the Western Canadian Sedimentary Basin resulting in higher revenue generated by our production services Business Units due to the commencement of plant turnaround and maintenance projects undertaken by large E&P companies in western Canada and from our drilling related services Business Units. Fuel surcharge revenue increased by $0.4 million to $2.2 million. These increases were somewhat offset by a $4.4 million reduction in revenue for pipeline hauling and stringing services at Premay Pipeline Hauling L.P. ("**Premay Pipeline**") as construction of TMX and CGL has virtually been completed. Smook Contractors Ltd. and Canadian Dewatering L.P. ("**Canadian Dewatering**") also experienced lower demand for civil construction and dewatering services, respectively.
- US 3PL segment down $3.1 million, or 6.4 percent to $45.7 million - revenue decreased due to a combination of freight volumes remaining stagnant with an excess supply of trucking capacity creating a competitive operating environment. Competitive pricing and lower freight volumes, particularly for full truckload shipments resulted in lower revenue.

OIBDA: An increase of $6.7 million or 7.6 percent to $95.3 million, led by higher OIBDA in the L&W and LTL segments being somewhat offset by higher Corporate costs and lower OIBDA in the S&I and US 3PL segments.

- LTL segment up $1.2 million, or 3.5 percent, to $35.7 million - OIBDA increased despite the $5.5 million decline in segment revenues and was primarily due to the integration of B. & R. Eckel's Transport Ltd.'s LTL operations into Grimshaw Trucking L.P. and Hi-Way 9 Express Ltd. as well as cost control measures implemented at our other Business Units, which resulted in lower DOE and S&A expenses. Operating margin[1] increased by 1.1 percent to 18.9 percent as compared to the prior year period due to more efficient operations and from implementing cost control measures.
- L&W segment up $8.4 million, or 31.3 percent, to $35.2 million - OIBDA increased due to $6.4 million of incremental OIBDA from acquisitions and from more efficient operations resulting in lower DOE. These increases were somewhat offset by a decline in demand for certain services within the segment. Operating margin[1] improved by 1.3 percent to 20.8 percent as compared to 19.5 percent in the prior year, primarily due to the impact of lower DOE being somewhat offset by higher S&A costs.
- S&I segment down $1.2 million, or 4.0 percent, to $28.5 million - Greater OIBDA was experienced by our production services Business Units due to the commencement of certain turnaround and maintenance projects. This increase was somewhat offset by lower OIBDA being recognized at Premay Pipeline and Canadian Dewatering on decreased demand for their services. Lower OIBDA was also experienced at our drilling related services Business Units. Operating margin[1] declined by 2.1 percent to 21.6 percent as compared to the prior year period due to the loss of higher margin pipeline construction work and from lower margins generated by our drilling related services Business Units being somewhat offset by higher margins generated from certain plant turnaround projects.
- US 3PL segment down $0.8 million to $0.3 million - OIBDA declined on a year over year basis due to lower segment revenues. Operating margin[1] declined by 1.6 percent to 0.7 percent, primarily due to slightly higher DOE as a percentage of segment revenue and from higher S&A costs resulting from a $0.3 million negative variance in foreign exchange. Operating margin[1] as a percentage of net revenue[1] was 7.5 percent as compared to 25.0 percent in the prior year.
- Corporate costs up $0.9 million to $4.4 million - Corporate costs increased due to a $1.6 million negative variance in foreign exchange being somewhat offset by cost control measures.

[1] *Refer to the sections entitled "Non-IFRS Financial Measures" and "Other Financial Measures".*

Net income: Net income decreased by $0.8 million, or 2.0 percent to $38.3 million, or $0.44 per Common Share due to:

- A $4.9 million increase in depreciation of right-of-use assets, a $2.6 million increase in finance costs, a $0.7 million increase in loss on sale of property, plant and equipment, a $0.6 million increase in depreciation of property, plant and equipment, a $0.5 million increase in amortization of intangible assets and a $0.3 million decrease in earnings from equity investments.
- These factors were somewhat offset by a $6.7 million increase in OIBDA and a $2.6 million positive variance in net foreign exchange.

Financial Position

The following summarizes our financial position as at September 30, 2024, along with some key changes that occurred subsequent to the end of the third quarter:

- On July 10, 2024, the Corporation closed a private placement by issuing $300.0 million of Series M notes at 5.93 percent per annum and US$75.0 million of Series N notes at 6.5 percent per annum (collectively, the "**2024 Notes**").
- On July 10, 2024, in conjunction with closing the 2024 Notes, we increased the borrowing capacity on the Bank Credit Facilities by amending and restating the credit facilities with the current Bank Credit Facilities lending group (the "**Amended Bank Credit Facilities**") and entering into a new $125.0 million credit agreement with the Toronto-Dominion Bank (and together with the Amended Bank Credit Facilities, the "**New Bank Credit Facilities**"). The New Bank Credit Facilities provide revolving demand credit and upsizes the borrowing capacity to the Corporation to an aggregate of $525.0 million, including increasing its borrowing capacity with Canadian Imperial Bank of Commerce from $100.0 million to $125.0 million.
- Working capital at September 30, 2024, was $296.8 million including $344.4 million of cash, some of which was used to repay $217.2 million of Private Placement Debt that matured on October 22, 2024.
- Total net debt[1] ($1,056.7 million) to operating cash flow ($330.7 million) of 3.20:1 as defined per our Private Placement Debt agreement (threshold of 3.50:1). After repaying the notes that matured on October 22, 2024, our total net debt[1] to operating cash flow ratio decreased to 2.54:1.
- Total net debt[1] ($965.5 million) to operating cash flow ($330.7 million) of 2.92:1 as defined per our 2024 Note agreement (threshold of 3.50:1). After repaying the notes that matured on October 22, 2024, our total net debt[1] to operating cash flow ratio decreased to 2.26:1.
- Book value of Derivative Financial Instruments down $2.4 million to $51.1 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 $1.0 billion, which includes $653.2 million of carrying costs of owned real property.
- Repurchased and cancelled 147,920 Common Shares for $2.0 million representing an average price of $13.36.

[1] *Refer to the section entitled "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 loss on fair value of equity investment. Management adjusts net income and earnings per share by excluding these specific factors to more clearly reflect earnings from an operating perspective.

(unaudited) *($ millions, except share and per share amounts)*	**Three month periods ended September 30** 2024	2023	**Nine month periods ended September 30** 2024	2023
Income before income taxes	**$ 50.5**	$ 51.0	**$ 124.1**	$ 141.4
Add (deduct):				
Net foreign exchange (gain) loss	**(2.8)**	(0.2)	**(2.4)**	(3.4)
Change in fair value of investments	**—**	(0.2)	**(0.3)**	—
Loss on fair value of equity investment	**—**	—	**—**	0.6
Income before income taxes – adjusted	**47.7**	50.6	**121.4**	138.6
Income tax rate	**25%**	25%	**25%**	25%
Computed expected income tax expense	**11.9**	12.6	**30.3**	34.6
Net income – adjusted	**35.8**	38.0	**91.1**	104.0
Weighted average number of Common Shares outstanding – basic	**87,703,145**	88,737,882	**87,917,375**	90,439,968
Earnings per share – adjusted	**$ 0.41**	$ 0.43	**$ 1.04**	$ 1.15

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.

(unaudited) *($ millions)*	**Three month periods ended September 30** 2024	2023	**Nine month periods ended September 30** 2024	2023
Revenue	**$ 45.7**	$ 48.8	**$ 137.0**	$ 150.6
Direct operating expenses	**41.7**	44.4	**125.1**	136.6
Net Revenue	**$ 4.0**	$ 4.4	**$ 11.9**	$ 14.0

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.

(unaudited) *($ millions)*	Three month periods ended September 30		Nine month periods ended September 30	
	2024	**2023**	**2024**	**2023**
OIBDA	**$ 95.3**	$ 88.6	**$ 247.2**	$ 249.0
Revenue	**$ 532.0**	$ 504.0	**$ 1,490.2**	$ 1,496.1
Operating margin	**17.9%**	17.6%	**16.6%**	16.6%

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 – Private Placement Debt Calculation

The term "*total net debt*" is defined in the Private Placement Agreement as all debt including the Private Placement Debt, the 2024 Notes, 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 condensed consolidated statement of financial position. Total net debt specifically excludes the Debentures. Total net debt is defined within our Private Placement Debt agreement and is used to calculate our total net debt to operating cash flow covenant. Management calculates and discloses total net debt to provide users with an understanding of how our debt covenant is calculated.

(unaudited) *($ millions)*	**September 30, 2024**
Private Placement Debt (including the current portion)	**$ 878.4**
Lease liabilities (including the current portion)	**225.9**
Bank indebtedness	**—**
Letters of credit	**3.4**
Long-term debt (including the current portion)	**0.1**
Total debt	**1,107.8**
Less: unrealized gain on Cross-Currency Swaps	**(51.1)**
Add: unrealized loss on Cross-Currency Swaps	**—**
Total net debt	**$ 1,056.7**

Total Net Debt – 2024 Notes Calculation

The term "*total net debt*" is defined in the 2024 Note agreement as all debt including the Debentures, the Private Placement Debt, the 2024 Notes, 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. Total net debt specifically excludes any real property lease liabilities. Total net debt is defined within our 2024 Note agreement and is used to calculate our total net debt to operating cash flow covenant. Management calculates and discloses total net debt to provide users with an understanding of how our debt covenant is calculated.

(unaudited) *($ millions)*	**September 30, 2024**
Private Placement Debt (including the current portion)	**$ 878.4**
Lease liabilities (including the current portion)	**225.9**
Debentures	**119.9**
Bank indebtedness	**—**
Letters of credit	**3.4**
Long-term debt (including the current portion)	**0.1**
Total debt	**1,227.7**
Less: Real property lease liabilities	**(211.1)**
Less: unrealized gain on Cross-Currency Swaps	**(51.1)**
Add: unrealized loss on Cross-Currency Swaps	**—**
Total net debt	**$ 965.5**

About Mullen Group Ltd.

Mullen Group is one of Canada's largest logistics providers. Our network of independently operated businesses provide a wide range of service offerings including less-than-truckload, truckload, warehousing, logistics, transload, oversized, third-party logistics and specialized hauling transportation. In addition, we provide a diverse set of specialized services related to the energy, mining, forestry and construction industries in western Canada, including water management, fluid hauling and environmental reclamation. The corporate office provides the capital and financial expertise, legal support, technology and systems support, shared services and strategic planning to its independent businesses.

*Mullen Group is a publicly traded corporation listed on the Toronto Stock Exchange under the symbol "**MTL**". Additional information is available on our website at www.mullen-group.com or on the Corporation's issuer profile on SEDAR+ at www.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) our expectation that we will continue to be an acquisitive company; and (ii) our belief that we will not lose our discipline in our pursuit of transactions. 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 acquisition opportunities will present themselves to Mullen Group, (ii) that we have a long history of acquiring good companies at a fair price; (iii) that we have the balance sheet to execute acquisitions; and (iv) that we will choose to only pursue transactions that add value to Mullen Group shareholders. 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 50 of the 2023 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.