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	 2020	Six month periods ended June 30 2021	 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)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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)

					Intersegment eliminations			
Six 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	**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.

					Intersegment eliminations			
Six 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	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.