

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

This MD&A, dated February 8, 2023, has been prepared by management of Mullen Group Ltd. ("Mullen Group" and/or the "Corporation") for the fiscal year ended December 31, 2022, and should be read in conjunction with the audited annual consolidated financial statements for the fiscal year ended December 31, 2022 (the "Annual Financial Statements"). Unless otherwise specified, information in this MD&A is provided as at such date and any reference to "Mullen Group", "we", "us", "our" or the "Corporation" means Mullen Group Ltd., a corporation incorporated under the laws of the province of Alberta and includes its predecessors where context so requires. The Annual Financial Statements and other additional information on Mullen Group, including the Annual Information Form dated February 8, 2023, are available on the Corporation's issuer profile on SEDAR at www.sedar.com and on our website at www.mullen-group.com. Such documents are also available upon request, free of charge, from the Corporate Investor Services group at ir@mullen-group.com. This MD&A and the Annual Financial Statements were reviewed by Mullen Group's Audit Committee and approved by the Board of Directors (the "Board") on February 8, 2023.

The Annual 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"). Unless otherwise indicated, all amounts contained in this MD&A are in Canadian funds, which is the functional currency of the Corporation.

ADVISORY:

Forward-looking statements – This MD&A reflects management's expectations regarding Mullen Group's future growth, financial condition, results of operations, performance, business prospects, strategies and opportunities and contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities laws. Wherever possible, words such as "anticipate", "may", "will", "believe", "expect", "potential", "continue", "view", "objective", "should", "plan", "intend", "ongoing", "estimate", "project" or similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and assumptions and are based on information currently available to management. Forward-looking statements involve significant inherent risks and uncertainties, numerous assumptions and the risk that the predictions and forward-looking statements will not be achieved and that the actual results or events may differ materially from those anticipated in such forward-looking statements. A number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable beliefs and assumptions, Mullen Group cannot assure readers that actual results will be consistent with these forward-looking statements. Some of the risks and uncertainties include, but are not limited to certain strategic, financial and operational risks, most important of which are: (i) strategic risks which include but are not limited to geopolitical risks such as a slowdown in the general economy; reduced oil and natural gas drilling and decreased oil sands and heavy oil activity; changes in legal frameworks applicable to the Corporation; e-commerce and supply chain evolution; acquisitions; competition; (ii) financial risks which include but are not limited to prevailing interest rates; foreign exchange rates; change in the return on fair value of investments; access to financing; reliance on major customers; customer relationships; impairment of goodwill or intangible assets; credit risk; and (iii) operational risks which include but are not limited to employees & labour relations; labour disruption and driver retention; cost escalation & fuel costs; accidents; cost of liability insurance; digital infrastructure & cyber security; business continuity, disaster recovery & crisis management; environmental liability risks; weather & seasonality; access to parts, development of new technology & relationships with key suppliers; pandemics; political unrest or wars; regulatory framework governing matters such as tax and the environment in the jurisdictions in which the Corporation conducts and will conduct its business; government mandates and litigation. Given these risks and uncertainties, readers should not place undue reliance on the forward-looking statements contained in this MD&A. Readers are cautioned that the foregoing list of factors and risks is not exhaustive. Additional information on these and other factors and risks that could affect the operations or financial results of Mullen Group may be found under the heading "Principal Risks and Uncertainties" starting on page 48 as well as in reports on file with applicable securities regulatory authorities and may be accessed through the Corporation's issuer profile on SEDAR at www.sedar.com. The forward-looking statements contained in this MD&A are made as of the date hereof and Mullen Group undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities law. Mullen Group relies on litigation protection for "forward-looking" statements. Additional information regarding the forward-looking statements contained in this MD&A and the material assumptions made in preparing such statements may be found under the heading "Forward-Looking Information Statements" beginning on page 65 of this MD&A.

Non-IFRS Financial Measures and Other Financial Measures – 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, adjusted OIBDA¹, adjusted operating margin¹, net income – adjusted¹, earnings per share – adjusted¹, net revenue¹ and consolidated direct operating expenses – adjusted for CEWS and HAUListic LLC¹ 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 the "Non-IFRS Financial Measures" section of this MD&A. 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 foregoing IFRS terms: net income, earnings per share, revenue, and direct operating expenses. See the "Other Financial Measures" section for supplementary financial measures disclosed by the Corporation.

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

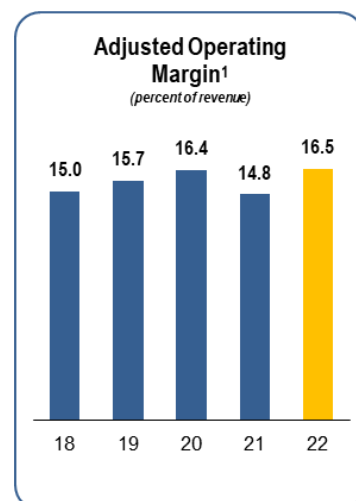
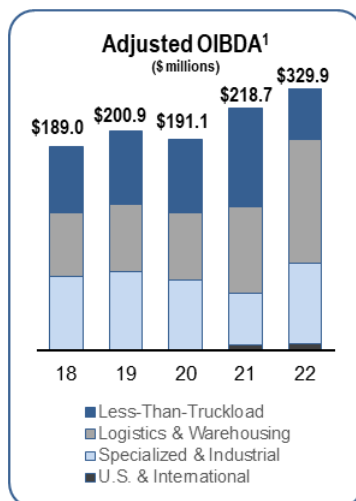
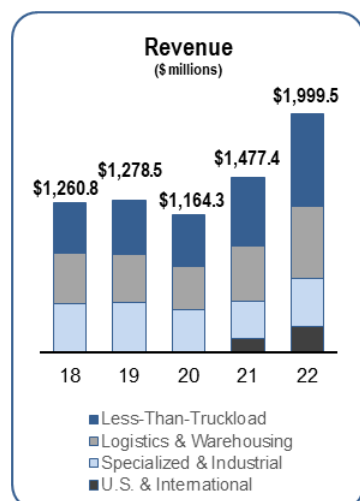
HIGHLIGHTS

FINANCIAL PERFORMANCE:

Years ended December 31

(\$ millions, except share price and per share amounts)

	2022	2021	2020
Revenue			
Less-Than-Truckload	\$ 778.7	\$ 585.3	\$ 443.8
Logistics & Warehousing	609.3	465.6	362.0
Specialized & Industrial Services	400.6	313.4	362.0
U.S. & International Logistics	221.8	118.2	—
Corporate and intersegment eliminations	(10.9)	(5.1)	(3.5)
Total Revenue	\$ 1,999.5	\$ 1,477.4	\$ 1,164.3
Adjusted OIBDA¹			
Less-Than-Truckload	\$ 138.4	\$ 93.9	\$ 70.3
Logistics & Warehousing	119.1	83.4	65.5
Specialized & Industrial Services	77.5	49.4	66.7
U.S. & International Logistics	5.7	4.9	—
Corporate	(10.8)	(12.9)	(11.4)
Total Adjusted OIBDA¹	\$ 329.9	\$ 218.7	\$ 191.1
Net Income & Share Information			
Net income	\$ 158.6	\$ 72.4	\$ 64.0
Earnings per share – basic	\$ 1.70	\$ 0.75	\$ 0.64
Earnings per share – diluted	\$ 1.62	\$ 0.75	\$ 0.64
Net income – adjusted ¹	\$ 164.2	\$ 70.4	\$ 62.4
Earnings per share – adjusted ¹	\$ 1.76	\$ 0.73	\$ 0.62
Net cash from operating activities	\$ 263.0	\$ 198.0	\$ 224.8
Net cash from operating activities per share	\$ 2.82	\$ 2.06	\$ 2.23
Cash dividends declared per Common Share	\$ 0.68	\$ 0.48	\$ 0.33
Share price – December 31	\$ 14.55	\$ 11.63	\$ 10.90



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



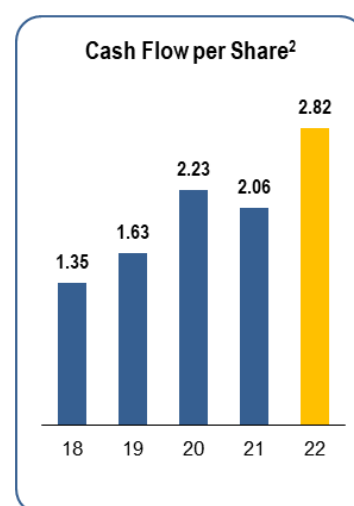
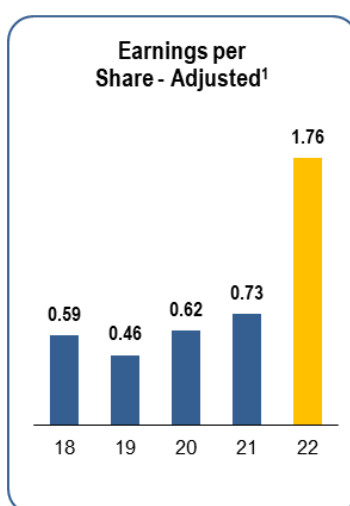
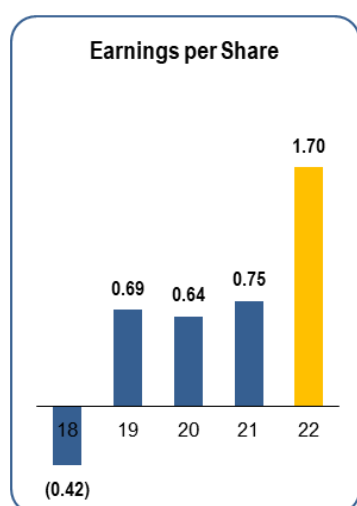
FINANCIAL POSITION:

(unaudited) (\$ millions)	As at December 31		
	2022	2021	2020
	\$	\$	\$
Cash (bank indebtedness) – net	(14.0)	(89.0)	105.3
Working capital	140.3	50.8	239.1
Private Placement Debt	480.7	460.7	461.7
Convertible debentures – debt component	115.8	113.5	111.1
Lease liabilities – non-current portion	70.9	63.4	23.6
Total assets	1,996.1	1,922.0	1,717.9

- Well-structured balance sheet
 - Private Placement Debt of \$480.7 million (average fixed rate of 3.93 percent per annum) with principal repayments (net of Cross-Currency Swaps) of \$217.2 million and \$207.9 million due in October 2024 and October 2026, respectively
 - Private Placement Debt covenant of 1.67:1 (threshold 3.50:1)
- Real estate – historical cost of \$637.4 million
- Reduced borrowings on our \$250.0 million of Credit Facilities by \$66.2 million to \$22.8 million

2022 PROGRESS:

- Generated record revenue, OIBDA, net income and earnings per share.
- Return on equity improved to 17.0 percent in 2022.
- Increased the monthly dividend in the second quarter by 20.0 percent to \$0.06 per Common Share (\$0.72 annualized).
- Divested of a non-core asset and business for total proceeds of \$49.1 million.
- Invested \$81.4 million towards gross capital expenditures to improve operating efficiencies and to support our sustainability goals.
- Continued to invest in real estate to meet future growth plans, including: an expansion of a facility in Thunder Bay, Ontario; a new 33,000 square foot terminal in Kamloops, British Columbia; additional rail trackage at the Calgary, Alberta transload and distribution facility; and took possession of a 26,000 square foot cross dock facility in Mississauga, Ontario.
- Completed three acquisitions including Willy's Trucking Service; Cordova Oilfield Services Ltd.; and the assets and business of Monarch Messenger Services Ltd.
- Repurchased and cancelled 1,863,251 Common Shares at an average price of \$12.30.



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

² Refer to the section entitled "Other Financial Measures".

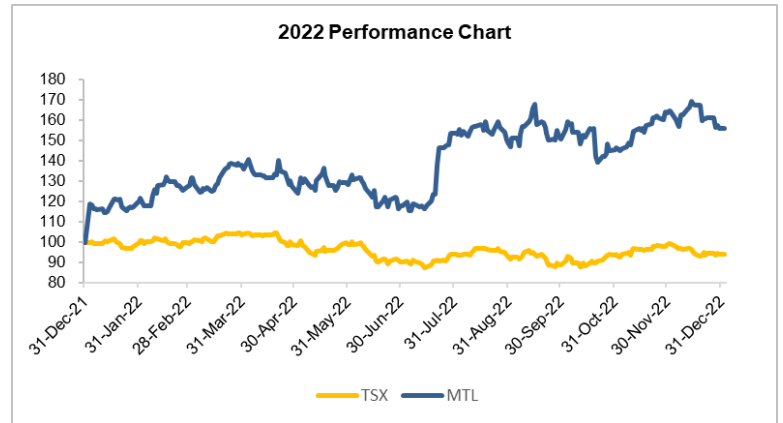


SHAREHOLDER INFORMATION

Share Performance

Mullen Group's shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol MTL. The following graph illustrates the cumulative return of our Common Shares for 2022, assuming an initial investment of \$100 on December 31, 2021, compared to the S&P /TSX Composite Total Return Index, assuming the reinvestment of all declared dividends.

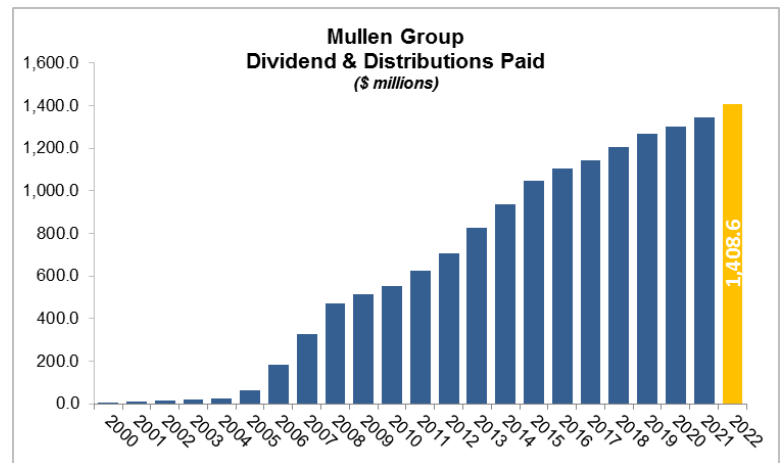
**56.0 percent
cumulative return in 2022**



Dividends and Distributions Paid

Mullen Group generates substantial free cash in excess of our operating needs allowing us to return cash to shareholders through monthly dividends. The following chart summarizes our dividends and distributions paid to shareholders over the past twenty years.

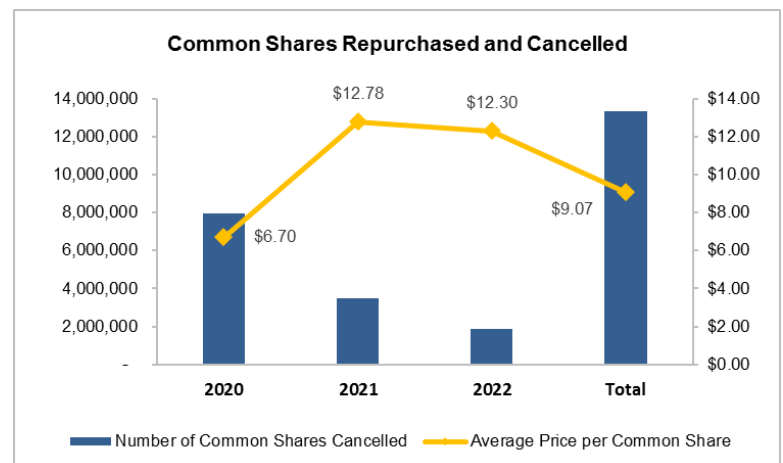
**\$1.4 billion
paid over 20 years**



Share Buyback Program

Mullen Group believes that the underlying value of the Corporation may not be reflected in the current market prices of its Common Shares and may represent an attractive investment and benefit investors that hold an equity interest in the Corporation. The following chart summarizes the repurchases and cancelling of Common Shares over the past three years.

**13,306,046 Common Shares
cancelled at an average price of
\$9.07 over 3 years**



MULLEN GROUP AT A GLANCE

Corporate Profile

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

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

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

Objective – Maximize Shareholder Value

We strive to maximize the overall returns to shareholders, over the long-term, by focusing on the following strategies:

1. Focused Growth

Our approach to achieving maximum overall returns to shareholders is based upon the following strategic components:

- Deploy capital to expand business over the long-term.
- Invest in sectors of the economy where we believe future growth opportunities exist.
- Invest in accretive acquisitions – acquire competing, complementary or new business lines that can accelerate growth over the long-term.
- Diversify – continue to grow and invest where opportunities exist in the four sectors of the economy where we have strong market penetration and customer relationships: the Less-Than-Truckload segment ("**LTL segment**") through our final mile delivery network; the Logistics & Warehousing segment ("**L&W segment**"), including a wide range of trucking and logistics services; the Specialized & Industrial Services segment ("**S&I segment**"), providing specialized equipment and services to several different industries; and the U.S. & International Logistics segment ("**US 3PL segment**"), where we utilize a proprietary technology, SilverExpress™, and provide third-party logistics ("**3PL**") services to a wide range of customers.

Since going public in 1993, Mullen Group, and its predecessors the Mullen Group Income Fund and Mullen Transportation Inc., have grown annual revenues from \$72.6 million in 1993 to \$2.0 billion in 2022. During this period over 80 acquisitions have been completed.

2. Return Free Cash to Shareholders

One of our objectives is to build a business that generates cash in excess of our operating and financing requirements, funds that can be returned to shareholders through dividends, share buybacks or reinvested to grow the business.

During 2022 we declared dividends of \$0.68 per Common Share (2021 – \$0.48). In the second quarter of 2022, we increased the monthly dividend by 20.0 percent to \$0.06 per Common Share (\$0.72 annualized dividend) and in January 2023, we announced our intention to continue paying annual dividends of \$0.72 per Common Share (\$0.06 per Common Share on a monthly basis) for 2023.

3. Maintain a Well-Structured Balance Sheet

We strive to maintain a balance sheet structured in such a manner to ensure that sufficient liquidity is maintained to allow us to meet our liabilities and corporate objectives under both normal and stressed conditions. In terms of liabilities, we maintain sufficient liquidity to not only meet our obligations when due, but to avoid incurring unacceptable losses or risking damage to our reputation. Furthermore, we have balanced our equity with a reasonable proportionate use of structured long-term debt. Most notably, we use Private Placement Debt (as hereafter defined on page 15), which matures in 2024 and 2026 and has a 3.5 times total net debt¹ to operating cash flow (as hereafter defined on page 39) covenant. For more information refer to the *Debt and Contractual Obligations* section beginning on page 39.

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



4. Strive for Operational Excellence

Our business is managed upon the basic principles of generating superior profitability, striving for excellence in safety and committing to the process of continuous improvement. Operating in a team environment, we challenge ourselves to make decisions on all aspects relating to the operations of the business, improve customer service, enhance business processes, maintain cost controls, obtain excellence in safety and generate superior profitability. We evaluate operational excellence by benchmarking the financial performance, safety statistics and return on invested capital of each Business Unit.

5. Operate a Decentralized Business Model

We operate a decentralized business model that is non-hierarchical in nature. Each Business Unit is held accountable for its own performance and results. The management and employees of the Business Units are remunerated based upon the performance of their respective business. Corporate Office provides overall support to the Business Units by coordinating business strategies, monitoring financial and business performance and providing shared services on an as-needed basis. In addition, the Corporate Office has invested significantly in real estate holdings and operating facilities, mainly for use by the Business Units. The carrying costs of such holdings at December 31, 2022, was \$637.4 million (2021 – \$630.7 million).

We believe this model generally results in superior customer service, lower costs and provides greater operational flexibility as compared to a fully-integrated business model. Giving responsibility and the necessary authority to the Business Unit encourages greater entrepreneurship and innovation as the teams are empowered and rewarded for their actions.

Corporate Office

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

Human Resources

As at December 31, 2022, approximately 7,100 people were employed or engaged by the Business Units and at Corporate Office. These people include owner operators and dedicated subcontractors engaged by the Business Units. This compares to approximately 7,000 people in 2021. The increase is mainly due to the acquisitions of Willy's Trucking Service in the LTL segment and Cordova Oilfield Services Ltd. in the S&I segment in 2022. The US 3PL segment added some IT employees in 2022, while employment levels within the L&W segment and the Corporate Office remained largely consistent on a year over year basis.

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OPERATING SEGMENTS

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



Less-Than-Truckload

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

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

LTL Segment:

Business Unit	Primary Service Region	Number of Units		
		Power Units	Trailers	Other*
APPS Cargo Terminals Inc. ¹	Western Canada	105	49	49
APPS Cartage Inc. ¹	Ontario	133	392	264
Argus Carriers Ltd.	Lower Mainland British Columbia	71	56	20
DirectIT Group of Companies ²	Alberta	13	—	104
Gardewine Group Limited Partnership ³	Manitoba and Ontario	1,035	1,896	461
Grimshaw Trucking L.P.	Northern Alberta	125	331	52
Hi-Way 9 Express Ltd.	Southern Alberta	282	590	52
Jay's Transportation Group Ltd.	Saskatchewan	204	382	158
Number 8 Freight Ltd.	Lower Mainland British Columbia	38	—	14
Pacific Coast Express Limited	Western Canada	45	77	17
Willy's Trucking Service ⁴	Northern Alberta and Northeastern British Columbia	55	123	25

* Other includes operating equipment such as: pick-ups, warehousing and yard equipment.

¹ Acquired June 24, 2021.

² Acquired October 1, 2021.

³ On January 1, 2022, the operations of Courtesy Freight Systems Ltd. and R.S. Harris Transport Ltd., were integrated into Gardewine Group Limited Partnership.

⁴ Acquired May 1, 2022.

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Logistics & Warehousing

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

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

L&W Segment:

Business Unit	Primary Service Provided	Number of Units		
		Power Units	Trailers	Other*
24/7 The Storehouse (2015) Ltd.	Value-Added Warehousing and Distribution Services	—	—	24
Bandstra Transportation Systems Ltd. ¹	LTL, Irregular Route Truckload and Specialized Transportation	172	349	75
Caneda Transport Ltd.	LTL & Irregular Route Truckload	66	96	41
Cascade Carriers L.P.	Dry Bulk Freight	88	364	12
DWS Logistics Inc.	Value-Added Warehousing and Distribution Services	—	—	60
International Warehousing & Distribution Inc.	Value-Added Warehousing, Drayage and Distribution Services	69	74	3
Kleysen Group Ltd.	Irregular Route Truckload, Multi-Modal and Intermodal	241	924	956
Mullen Trucking Corp. ²	Irregular Route Truckload and Specialized Transportation	93	212	40
Payne Transportation Ltd.	Irregular Route Truckload and Specialized Transportation	122	202	9
RDK Transportation Co. Inc.	Irregular Route Truckload and Specialized Transportation	55	116	5
Tenold Transportation Ltd. ³	Irregular Route Truckload and Specialized Transportation	89	90	31
Tri Point Intermodal Services Inc. ⁴	Intermodal Transportation, Drayage and Storage Services	51	133	4

* Other includes operating equipment such as: pick-ups, rail cars, containers, warehousing and yard equipment.

¹ Acquired April 16, 2021.

² On January 1, 2022, the operations of Canadian Hydrovac Ltd. were integrated into Mullen Trucking Corp.

³ On January 1, 2022, the operations of Inter-Urban Delivery Service Ltd. were integrated into Tenold Transportation Ltd.

⁴ Acquired on June 1, 2021.

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Specialized & Industrial Services

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

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

S&I Segment:

Business Unit	Primary Service Provided	Number of Units		
		Power Units	Trailers	Other*
Babine Truck & Equipment Ltd. ¹	Original Equipment Manufacturer Parts and Services Dealer	2	—	9
Canadian Dewatering L.P.	Water Management Services	2	43	1,834
Cascade Energy Services L.P.	Production Services, Turnaround and Industrial Cleaning Services	271	432	92
Cordova Oilfield Services Ltd. ²	Drill Pipe / Fluid Transportation and Warehousing	30	33	12
E-Can Oilfield Services L.P.	Fluid Transportation	134	100	35
Envolve Energy Services Corp.	Processing and Disposal of Oilfield Fluids	—	—	3
Formula Powell L.P.	Mud / Fluid Transportation & Warehousing	20	183	70
Heavy Crude Hauling L.P. ³	Fluid Transportation	130	296	25
Mullen Oilfield Services L.P.	Rig Relocation Services / Drill Pipe Transportation and Warehousing	141	297	56
OK Drilling Services L.P.	Conductor Pipe Setting	8	12	23
Premay Equipment L.P.	Specialized Heavy Haul	30	317	39
Premay Pipeline Hauling L.P.	Large Diameter Pipe Transportation	75	174	81
Smook Contractors Ltd.	Civil Construction	39	73	98
Spearing Service L.P.	Fluid Transportation	190	497	50
TREO Drilling Services L.P.	Core Drilling	14	91	42

* Other includes operating equipment such as: pick-ups, mounted dri-prime diesel pumps, submersible pumps, earthmoving equipment, yard equipment and containers.

¹ Acquired April 16, 2021.

² Acquired November 1, 2022.

³ On January 1, 2022, the operations of Recon Utility Search L.P. were integrated into Heavy Crude Hauling L.P.

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U.S. & International Logistics

The transportation and movement of goods throughout the supply chain is critical to every company and an important component of the global economy representing approximately 10.0 percent of total GDP. 3PL, which is typically defined as providing non-asset based value-added transport services, is one of the fastest growing components of the supply chain. 3PL is a transportation management service, generally performed in conjunction with freight brokerage and requires a software platform to facilitate a seamless and efficient transaction, regardless of the mode of transportation required. In the United States, industry statistics estimate 3PL to be a U.S. \$350.0 billion industry.

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

US 3PL Segment:

Business Unit	Primary Service Provided
HAUListic LLC ¹	Third-Party Logistics

¹ Acquired June 30, 2021.

A more detailed description of the Business Units is set forth in the Annual Information Form, which is dated February 8, 2023, and is available on the Corporation's issuer profile on SEDAR at www.sedar.com, our website at www.mullen-group.com or upon request, free of charge, from the Corporate Investor Services group at ir@mullen-group.com.

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ALLOCATING SHAREHOLDER CAPITAL

One of the key responsibilities of the Board is the allocation of capital. Our four priorities are: (i) acquisitions that improve our business and generate growth; (ii) capital expenditures to replace older inefficient equipment and to capture new growth opportunities, facilities and technology enhancements; (iii) consider and, if appropriate, allocate a portion of annual free cash to purchase for cancellation Common Shares in the open market pursuant to an approved NCIB (as hereafter defined on page 13); and (iv) pay dividends to shareholders.

Acquisitions

2022 AND 2023 PLAN	Acquire companies and strive to improve their performance.
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2022 INVESTMENTS

Cordova Oilfield Services Ltd. ("Cordova")

- Acquired on November 1, 2022, for total consideration of \$8.1 million.
- Recognized a \$2.8 million gain on fair value upon closing since we owned approximately 34.0 percent of this investment prior to obtaining control.
- An oilfield fluid storage and transportation company providing specialized warehousing, inventory management and transportation of oil country tubular goods in the Peace River region of British Columbia.
- Financial results included within the S&I segment.

Willy's Trucking Service ("Willy's")

- Acquired on May 1, 2022, and included three owned facilities for total consideration of \$18.9 million less \$1.1 million of cash acquired.
- A regional LTL, general freight and logistics services provider across northern Alberta and northeastern British Columbia.
- Financial results included within the LTL segment.

Monarch Messenger Services Ltd.

- On January 1, 2022, acquired the business and assets for total cash consideration of \$3.7 million.
 - Provides courier, small package delivery transportation services as well as ambient temperature controlled freight in Alberta.
 - Financial results integrated into the DirectIT Group of Companies and Caneda Transport Ltd., which are included within the LTL segment and L&W segment, respectively.
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2021 INVESTMENTS

Bandstra Transportation Systems Ltd. ("Bandstra") / Babine Truck & Equipment Ltd. ("Babine")

- Acquired on April 16, 2021, and included eight owned facilities for total cash consideration of \$76.4 million.
- Bandstra provides a wide range of transportation and logistics services in northern British Columbia including truckload, general freight, LTL and specialized hauling services operating a fleet of approximately 180 power units, 360 trailers and 70 pieces of support equipment.
- Babine is an Original Equipment Manufacturer ("OEM") parts and service dealer providing parts, service and maintenance work from three locations in British Columbia.
- Bandstra's financial results are included in the L&W segment and Babine's are included within the S&I segment.

Tri Point Intermodal Services Inc. ("Tri Point")

- Acquired on June 1, 2021, for total cash consideration of \$8.8 million.
- Mainly provides intermodal transportation, drayage and storage services to and from the Greater Toronto area.
- Financial results included within the L&W segment.

APPS Transport Group Inc.

- Acquired on June 24, 2021, for total consideration of \$75.9 million consisting of \$66.5 million of cash consideration and 750,000 Common Shares of Mullen Group.
- APPS Cartage Inc. and APPS Cargo Terminals Inc. (collectively "APPS") provides LTL, truckload and intermodal along with warehousing services in the Greater Toronto area along with operations in western Canada.
- Financial results included within the LTL segment.

QuadExpress

- Acquired the assets and business of QuadExpress ("QuadExpress") on June 30, 2021, for total cash consideration of \$49.6 million.
- QuadExpress was rebranded as HAUListic and provides 3PL, logistics, technology, delivery and freight transportation services in the United States and internationally, by utilizing its proprietary transportation management platform known as SilverExpress™, through an expansive agency network.
- Financial results included within the US 3PL segment.

R.S. Harris Transport Ltd. ("Harris")

- Acquired on July 1, 2021, for total cash consideration of \$11.4 million.
- Provides a wide range of transportation and logistics services including intermodal, truckload and general freight services.
- Financial results of Harris were integrated into Gardewine Group Limited Partnership, which is included within the LTL segment.

DirectIT Group of Companies ("DirectIT")

- Acquired on October 1, 2021, for total consideration of \$14.7 million consisting of \$9.4 million of cash consideration, and from issuing 400,000 Common Shares of Mullen Group.
- Pursuant to the purchase and sale agreement, the vendors may receive cash consideration of \$1.0 million for achieving certain financial targets over the 12 month period ending December 31, 2022.
- Provides courier and small package delivery transportation services within the Calgary regional district.
- Financial results are included within the LTL segment.



Normal Course Issuer Bid

2022 PLAN	TSX approved the renewal of the normal course issuer bid (" NCIB ") on March 10, 2022 to purchase for cancellation up to 8,825,623 Common Shares in the open market on or before March 9, 2023.
2022 REPURCHASES	• In 2022 we repurchased and cancelled 1,863,251 Common Shares for \$22.9 million, representing an average price of \$12.30 per Common Share. • The NCIB can be cancelled at the discretion of the Corporation at any time provided the Corporation is not in a blackout period. • As at February 28, 2022, the average daily trading volume of the Common Shares on the TSX ("ADTV") for the most recently completed six calendar months was 294,235. Pursuant to TSX policies, the maximum number of Common Shares that may be purchased in one day pursuant to the NCIB was the greater of 1,000 and 25.0 percent of ADTV, which amounts to 73,558 Common Shares, subject to certain prescribed exceptions. • Entered into an automatic securities purchase plan (the "ASPP") with its broker, to allow for the repurchase of Common Shares at all times during the course of the NCIB including when the Corporation ordinarily would not be active in the market due to its own internal trading blackout period, insider trading rules or otherwise. The ASPP can be cancelled at the discretion of the Corporation at any time provided the Corporation is not in a blackout period.
2023 PLAN	In March 2023, we intend on requesting approvals from the TSX to renew the NCIB.

Dividends

2022 PLAN	Set the annual dividend of \$0.60 per Common Share, payable in monthly installments of \$0.05 per Common Share.
2022 PAYMENTS	• Declared monthly dividends per Common Share totalling \$0.68 per Common Share (2021 – \$0.48 per Common Share). • At December 31, 2022, we had 92,053,005 Common Shares outstanding and a dividend payable of \$5.6 million (December 31, 2021 – \$3.8 million), which was paid on January 16, 2023.
2023 PLAN	In January 2023, we announced our intention to pay annual dividends of \$0.72 per Common Share (\$0.06 per Common Share on a monthly basis) for 2023. On January 24, 2023, the Board declared a monthly dividend of \$0.06 per Common Share to be paid on February 15, 2023 to the holders of record at the close of business on January 31, 2023.



Capital Expenditures

2022 PLAN

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

2022 PURCHASES

Gross Capital Expenditures

- In 2022 gross capital expenditures were \$82.7 million as compared to \$69.6 million in 2021, including \$1.3 million of equipment transferred between segments as follows:

(\$ millions)	Years ended December 31		
	2022	2021	Change
	\$	\$	\$
LTL	31.3	29.0	2.3
L&W	22.5	17.5	5.0
S&I	11.4	11.0	0.4
US 3PL	—	—	—
Corporate	17.5	12.1	5.4
Total	82.7	69.6	13.1

- Capital invested in the LTL segment mainly consisted of trucks and trailers to support growth opportunities as well as replace some older less efficient equipment.
- Capital invested in the L&W segment mainly consisted of purchasing new trucks, trailers and operating equipment to replace some older less efficient equipment.
- Capital invested in the S&I segment mainly consisted of pumps, generators and water management equipment along with civil construction equipment to support demand at Canadian Dewatering L.P. ("**Canadian Dewatering**") and Smook Contractors Ltd. ("**Smook**"), respectively.
- Achieved our goal of \$10.0 million of capital expenditures towards sustainability initiatives through the purchase of CNG powered trucks, intermodal containers to reduce our carbon footprint and the continued transition to electric material handling units, including forklifts and reach units within our LTL and L&W segments.
- MT continued the construction of our 33,000 square foot cross dock facility in Kamloops, British Columbia to support the future expansion of our LTL operations.
- Total cost of real property owned by Mullen Group as at December 31, 2022 is \$637.4 million.

Gross Capital Dispositions

- In 2022 gross capital dispositions were \$49.9 million as compared to \$22.1 million in 2021 as follows:

(\$ millions)	Years ended December 31		
	2022	2021	Change
	\$	\$	\$
LTL	1.2	2.0	(0.8)
L&W	36.0	2.2	33.8
S&I	6.5	8.2	(1.7)
US 3PL	—	—	—
Corporate	6.2	9.7	(3.5)
Total	49.9	22.1	27.8

- The \$27.8 million increase in gross capital dispositions was mainly due to an increase in the L&W segment, which resulted from the sale of non-core real property for \$32.6 million in Surrey, British Columbia.

2023 PLAN

In January 2023, the Board approved an \$85.0 million capital budget for 2023, exclusive of corporate acquisitions, investment in facilities, land and buildings, with \$70.0 million allocated towards maintenance capital primarily to invest in trucks, trailers, specialized equipment and technology to improve the operations of the Business Units and \$15.0 million to invest specifically towards sustainability initiatives.



DEBT AND THE BALANCE SHEET

Private Placement Debt

Mullen Group's long-term debt is comprised of a series of unsecured debt as follows: U.S. \$117.0 million of Series G Notes, U.S. \$112.0 million of Series H Notes, CDN. \$30.0 million of Series I Notes, CDN. \$3.0 million of Series J Notes, CDN. \$58.0 million of Series K Notes and CDN. \$80.0 million of Series L Notes (collectively, the **"Private Placement Debt"**). The average fixed interest rate on the Private Placement Debt is 3.93 percent. The Private Placement Debt matures in October 2024 and October 2026 consisting of principal repayments net of cross-currency swaps (as hereafter defined on page 20) of \$217.2 million and \$207.9 million, respectively.

Credit Facilities

On October 1, 2021, we entered into a new credit agreement (the **"CIBC Credit Facility"**) with Canadian Imperial Bank of Commerce (**"CIBC"**). The CIBC Credit Facility is a \$100.0 million revolving demand credit facility to finance the Corporation's general operating requirements including acquisition transactions. Interest on the CIBC Credit Facility is based on either the Canadian bank prime rate plus 0.50 percent or U.S. bank base rate plus 0.50 percent, in each case payable in arrears or banker's acceptance rates plus an acceptance fee of 1.50 percent payable upon acceptance. The CIBC Credit Facility is unsecured although MT has granted an unlimited guarantee of any indebtedness owing on the CIBC Credit Facility. The CIBC Credit Facility does not have any financial covenants, however, we cannot be in default of our Private Placement Debt and we must be in compliance with certain reporting and general covenants. We are in compliance with all of these reporting and general covenants.

We also have a loan agreement to borrow up to \$150.0 million on an unsecured credit facility with the Royal Bank of Canada (the **"RBC Credit Facility"**). Interest on the RBC Credit Facility is payable monthly and is based on either the bank prime rate plus 0.50 percent or bankers' acceptance rates plus an acceptance fee of 1.50 percent. This facility does not have any financial covenants, however, we cannot be in default of our Private Placement Debt and we must be in compliance with certain reporting and general covenants. We are in compliance with all of these reporting and general covenants. We amended the terms of our existing RBC Credit Facility on October 1, 2021, to add MT as a guarantor. MT has granted an unlimited guarantee of any indebtedness owing on the RBC Credit Facility. All other material terms of the RBC Credit Facility remain the same.

As at December 31, 2022, there was \$22.8 million drawn on the CIBC Credit Facility and the RBC Credit Facility (collectively, the **"Credit Facilities"**).

Convertible Debentures

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

Each \$1,000 Debenture is convertible into 71.4286 Common Shares of Mullen Group (such is based on a conversion price of \$14.00) at any time at the option of the holders of the Debentures. Thus, an aggregate of approximately 8.9 million Common Shares of Mullen Group may be issued if all the holders convert their principal amount. The proceeds of the offering was used for general corporate purposes, including acquisitions. As subordinated debt, the accounting value assigned to the Debentures including any related interest expense is excluded from our financial covenant calculations under our Private Placement Debt.

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

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

(\$ millions)		December 31, 2022			December 31, 2021		
Year of Maturity	Interest Rate	Face Value	Carrying Amount		Face Value	Carrying Amount	
2026	5.75%	\$ 125.0	\$ 115.8		\$ 125.0	\$ 113.5	

For more information refer to the *Debt and Contractual Obligations* section beginning on page 39.



2022 CONSOLIDATED FINANCIAL RESULTS

Executive Summary

2022 was an exceptionally good year for Mullen Group, with growth in all four segments of the business. Our 38 Business Units took advantage of favourable market conditions and strong freight demand to generate record financial results. Consolidated revenues grew by 35.3 percent in 2022, with the majority of our Business Units benefitting from robust consumer spending, a surge in freight shipments during 2022 as shippers and retailers ordered excess amounts of inventory in an attempt to mitigate disruptions within the supply chain, significantly higher fuel surcharges associated with the rise in diesel prices, and a full year of revenues from the 2021 acquisitions. Operating profitability also improved, to the highest levels in over a decade, due to the growth in revenues accompanied by pricing increases, providing most Business Units with the opportunity to improve operating margins¹.

The year, however, was not without several challenges. Inflationary pressures and productivity disruptions were major issues throughout the year due to labour and equipment shortages, challenges that ultimately impacted overall profitability. The Business Units did a great job managing the disruptions and cost pressures, mitigating the impact to our business as well as maintaining customer service levels to the highest standards. 2022 was also an active year at the corporate level, acquiring three small competitors as well as disposing of \$49.1 million of non-core assets, proceeds that were used to strengthen the balance sheet. We also increased the monthly dividend in May 2022 to \$0.06 per Common Share, and we acquired 1.9 million Common Shares via the NCIB. Today, we have the balance sheet and liquidity to pursue additional growth opportunities.

Outlook

Changing market conditions, higher interest rates, and inflation will undoubtedly impact overall consumer activity and freight demand, negatives to our business. As such, we do not expect 2023 to be as good as last year. And while it is difficult to accurately predict the extent of any economic slowdown, early indications suggest that the labour markets remain quite robust, a major factor influencing consumer spending. Under this scenario it is our view that consumers will simply adjust spending trends, but the declines will not be significant. As such, we only expect a slight softening in overall freight demand. In addition, there are positive signs that drilling activity and capital investment in the energy industry will increase year over year, a positive for the S&I segment. For these reasons we remain constructive for 2023, expecting revenues to remain close to last year. Profitability, however, will be negatively impacted if pricing pressures emerge, an outcome we anticipate as higher interest rates take a toll on economic growth. With the changing market dynamics, we expect to be more active on the acquisition front than last year.

Revenue

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

Consolidated												
(\$ millions)	Three month periods ended December 31						Years ended December 31					
	2022		2021		Change		2022		2021		Change	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Company	336.5	66.9	288.9	65.4	47.6	16.5	1,324.4	66.2	1,007.6	68.2	316.8	31.4
Contractors	164.1	32.6	151.2	34.2	12.9	8.5	667.2	33.4	462.5	31.3	204.7	44.3
Other	2.1	0.5	1.8	0.4	0.3	16.7	7.9	0.4	7.3	0.5	0.6	8.2
Total	502.7	100.0	441.9	100.0	60.8	13.8	1,999.5	100.0	1,477.4	100.0	522.1	35.3

- Consolidated revenue grew by \$60.8 million, or 13.8 percent, to \$502.7 million in the fourth quarter, and by \$522.1 million, or 35.3 percent, to \$2.0 billion for the year.
- Record revenue in the fourth quarter and 2022 was primarily due to three reasons:
 - general rate increases negotiated early in the year, along with steady demand resulted in a \$23.6 million (YTD – \$132.1 million) increase in revenue;

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



- increases in fuel surcharge revenue (excluding acquisitions) contributed \$28.2 million (YTD – \$112.7 million) in revenue to \$65.1 million (YTD – \$227.1 million) in 2022 due to a 64.9 percent (YTD – 72.5 percent) year over year increase in the price of diesel fuel; and
- incremental revenue from acquisitions of \$9.0 million (YTD – \$277.3 million).

Direct Operating Expenses

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

Consolidated												
(\$ millions)	Three month periods ended December 31						Years ended December 31					
	2022		2021		Change		2022		2021		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Company												
Wages and benefits	73.2	21.8	69.3	23.9	3.9	5.6	289.9	21.9	250.2	24.8	39.7	15.9
CEWS	—	—	(3.9)	(1.3)	3.9	(100.0)	—	—	(13.1)	(1.3)	13.1	(100.0)
Fuel	34.9	10.4	25.3	8.8	9.6	37.9	137.3	10.4	87.9	8.7	49.4	56.2
Repairs and maintenance	37.0	11.0	31.3	10.8	5.7	18.2	142.8	10.8	117.0	11.6	25.8	22.1
Purchased transportation	55.3	16.4	50.5	17.5	4.8	9.5	220.4	16.6	155.5	15.4	64.9	41.7
Operating supplies	25.0	7.4	21.0	7.3	4.0	19.0	83.1	6.3	65.1	6.5	18.0	27.6
Other	8.6	2.5	7.6	2.6	1.0	13.2	33.5	2.5	29.4	3.0	4.1	13.9
	234.0	69.5	201.1	69.6	32.9	16.4	907.0	68.5	692.0	68.7	215.0	31.1
Contractors	127.7	77.8	121.9	80.6	5.8	4.8	520.9	78.1	363.4	78.6	157.5	43.3
Total	361.7	72.0	323.0	73.1	38.7	12.0	1,427.9	71.4	1,055.4	71.4	372.5	35.3

*as a percentage of respective Consolidated revenue

- Company expenses increased in absolute dollar terms in the fourth quarter and in 2022 due to higher Company revenue and inflationary pressures. As a percentage of Company revenue, however, Company expenses remained relatively flat due to customer rate increases that more than offset inflationary costs, most notably fuel associated with the rise in diesel fuel prices. Purchased transportation costs increased as a percentage of Company revenue on a year to date basis, which was mainly associated with our new acquisitions.
- Contractors expense increased in absolute dollar terms in the fourth quarter and in 2022 due to higher Contractors revenue and from the addition of the US 3PL segment, respectively. Contractors expense decreased as a percentage of Contractors revenue in the fourth quarter and in 2022 as compared to the prior year periods mainly due to margin improvement in the L&W segment.
- Consolidated DOE – Adjusted for the Canada Emergency Wage Subsidy ("CEWS") and HAUListic¹, improved as a percentage of revenue to 70.0 percent (YTD – 68.9 percent) as compared to 71.2 percent (YTD – 70.7 percent) in 2021.

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



Selling and Administrative Expenses

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

Consolidated												
(\$ millions)	Three month periods ended December 31						Years ended December 31					
	2022		2021		Change		2022		2021		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Wages and benefits	36.1	7.2	33.2	7.5	2.9	8.7	143.2	7.2	115.7	7.8	27.5	23.8
CEWS	—	—	(1.3)	(0.3)	1.3	(100.0)	—	—	(4.6)	(0.3)	4.6	(100.0)
Communications, utilities and general supplies	17.5	3.5	14.7	3.3	2.8	19.0	67.4	3.4	51.5	3.5	15.9	30.9
Profit share	5.8	1.2	3.4	0.8	2.4	70.6	20.1	1.0	12.2	0.8	7.9	64.8
Foreign exchange	0.4	0.1	0.1	—	0.3	300.0	(3.0)	(0.2)	1.1	0.1	(4.1)	(372.7)
Stock-based compensation	0.1	—	0.1	—	—	—	0.7	—	0.4	—	0.3	75.0
Rent and other	3.5	0.6	2.9	0.7	0.6	20.7	13.3	0.7	9.3	0.7	4.0	43.0
Total	63.4	12.6	53.1	12.0	10.3	19.4	241.7	12.1	185.6	12.6	56.1	30.2

*as a percentage of total Consolidated revenue

- Acquisitions completed during 2021 and in 2022 accounted for \$1.4 million (YTD – \$29.5 million) of incremental S&A expenses.
- Other factors that contributed to the increased S&A expenses include higher profit share, inflationary pressures on general supplies and utility costs and the \$1.3 million (YTD – \$4.6 million) recovery of CEWS in 2021.
- The increases in S&A expenses on a year to date basis was somewhat offset by a \$4.1 million positive variance in foreign exchange.

OIBDA

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

Consolidated												
(\$ millions)	Three month periods December 31						Years ended December 31					
	2022		2021		Change		2022		2021		Change	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
LTL	31.8	41.0	26.2	39.8	5.6	21.4	138.4	42.0	95.9	40.6	42.5	44.3
L&W	30.4	39.2	24.1	36.6	6.3	26.1	119.1	36.1	86.5	36.6	32.6	37.7
S&I	19.1	24.6	16.2	24.6	2.9	17.9	77.5	23.5	62.0	26.2	15.5	25.0
US 3PL	0.9	1.2	2.0	3.0	(1.1)	(55.0)	5.7	1.7	4.9	2.1	0.8	16.3
Corporate	(4.6)	(6.0)	(2.7)	(4.0)	(1.9)	70.4	(10.8)	(3.3)	(12.9)	(5.5)	2.1	(16.3)
Total	77.6	100.0	65.8	100.0	11.8	17.9	329.9	100.0	236.4	100.0	93.5	39.6

- We generated OIBDA of \$77.6 million in the fourth quarter, an increase of 17.9 percent, and \$329.9 million, or 39.6 percent, for the full year.
- The increases of \$11.8 million (YTD – \$93.5 million) were mainly due to rate increases, a steady demand for freight services, as well as \$1.4 million (YTD – \$30.1 million) of incremental OIBDA generated from acquisitions.
- Operating margin¹ increased to 15.4 percent (YTD – 16.5 percent) from 14.9 percent (YTD – 16.0 percent) in 2021 due to rate increases implemented in 2022.
- Adjusted OIBDA² was \$77.6 million (YTD – \$329.9 million) as compared to \$60.6 million (YTD – \$218.7 million) in 2021. The increase of \$17.0 million (YTD – \$111.2 million) was mainly due to \$15.6 million (YTD – \$81.1 million) of growth from existing Business Units and \$1.4 million (YTD – \$30.1 million) from acquisitions.
- Adjusted operating margin² improved to 15.4 percent (YTD – 16.5 percent) from 13.7 percent (YTD – 14.8 percent) in 2021.

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

² Refer to the section entitled "Non-IFRS Financial Measures".



Depreciation of Property, Plant and Equipment

Consolidated						
(\$ millions)	Three month periods ended December 31			Years ended December 31		
	2022	2021	Change	2022	2021	Change
	\$	\$	\$	\$	\$	\$
LTL	5.4	5.8	(0.4)	20.6	18.9	1.7
L&W	4.1	3.6	0.5	15.9	13.1	2.8
S&I	6.8	9.5	(2.7)	26.5	34.1	(7.6)
US 3PL	0.5	0.4	0.1	1.9	0.9	1.0
Corporate	1.7	1.6	0.1	6.2	6.2	—
Total	18.5	20.9	(2.4)	71.1	73.2	(2.1)

- Depreciation in the S&I segment decreased in the fourth quarter and in 2022 as compared to the corresponding prior year periods due to the lower amount of capital expenditures made within this segment, the sale of older assets by certain Business Units and from the Corporation's declining balance method of depreciation.
- The increase in depreciation on a year to date basis in the LTL segment, the L&W segment and the US 3PL segment was mainly due to the timing of acquisitions being completed in 2021 and 2022.
- Depreciation increased in the L&W segment in the fourth quarter of 2022 due to a greater amount of capital expenditures made within this segment.

Depreciation of Right-of-Use Assets

Consolidated						
(\$ millions)	Three month periods ended December 31			Years ended December 31		
	2022	2021	Change	2022	2021	Change
	\$	\$	\$	\$	\$	\$
LTL	3.6	3.4	0.2	13.9	9.4	4.5
L&W	2.2	1.8	0.4	8.7	6.6	2.1
S&I	0.2	0.4	(0.2)	0.8	1.5	(0.7)
US 3PL	0.2	0.2	—	0.8	0.4	0.4
Corporate	—	—	—	—	—	—
Total	6.2	5.8	0.4	24.2	17.9	6.3

- The increase in depreciation of right-of-use assets on a year to date basis in the LTL segment, the L&W segment and the US 3PL segment was mainly due to the timing of acquisitions being completed in 2021 and 2022.
- The decrease in the S&I segment was due to certain right-of-use assets that had expired and were not renewed.

Amortization of Intangible Assets

Intangible assets are normally acquired on acquisitions and are mainly comprised of customer relationship values and non-competition agreements that are amortized over a five to ten year period being their estimated life from the date of acquisition. Amortization of intangible assets was \$3.9 million (YTD – \$17.2 million) in 2022 as compared to \$3.7 million (YTD – \$22.9 million) in 2021. The decrease of \$5.7 million on a year to date basis mainly resulted from certain intangible assets becoming fully amortized, which was somewhat offset by the additional amortization recorded on the intangible assets associated with our recent transactions. Amortization of intangible assets remained relatively consistent in the fourth quarter of 2022 as compared to the same period in 2021.

Finance Costs

Finance costs mainly consist of interest expense on financial liabilities, including: the Private Placement Debt; the Debentures; lease liabilities; and borrowings on the Credit Facilities, less any interest income generated from the debentures issued to equity investments and from cash and cash equivalents.

Finance costs were \$8.9 million (YTD – \$35.0 million) in 2022 as compared to \$8.0 million (YTD – \$30.4 million) in 2021. The increase of \$0.9 million (YTD – \$4.6 million) was mainly attributable to a greater amount of interest expense being recorded on the Credit Facilities and from greater lease liabilities by virtue of our recent acquisitions.



Net Foreign Exchange (Gain) Loss

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

A net foreign exchange (gain) loss is experienced even though the principal portion of all our U.S. \$229.0 million debt is hedged by our Cross-Currency Swaps. A net foreign exchange (gain) loss occurs due to how our U.S. dollar debt and our Cross-Currency Swaps are valued for accounting purposes. U.S. dollar debt is valued at the end of each quarter using the closing exchange rate between the Canadian dollar vis-à-vis the U.S. dollar (the "**Spot Rate**"). In addition to the Spot Rate, our Cross-Currency Swaps are valued using a discounted value from maturity of the forward rate, which is influenced by changes in interest rate differentials between Canada and the United States. As the Cross-Currency Swaps get closer to maturity, the accounting value should more closely correlate to the value of the U.S. dollar debt.

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

(\$ millions)	Three month periods ended December 31			Years ended December 31		
	2022	2021	Change	2022	2021	Change
	\$	\$	\$	\$	\$	\$
Foreign exchange (gain) loss on U.S. \$ debt	(3.8)	(1.4)	(2.4)	19.8	(1.2)	21.0
Foreign exchange loss (gain) on Cross-Currency Swaps	1.7	2.2	(0.5)	(9.0)	0.5	(9.5)
Net foreign exchange (gain) loss	(2.1)	0.8	(2.9)	10.8	(0.7)	11.5

We recorded a foreign exchange (gain) loss of \$(3.8) million (YTD – \$19.8 million) related to our \$229.0 million U.S. dollar debt, due to the change in the value of the Canadian dollar relative to the U.S. dollar during 2022 as compared to a gain of \$(1.4) million (YTD – \$(1.2) million) in 2021. We recorded a foreign exchange loss (gain) on Cross-Currency Swaps of \$1.7 million (YTD – \$(9.0) million) in 2022 as compared to a loss of \$2.2 million (YTD – \$0.5 million) in 2021. This was due to the change over the period in the fair value of these Cross-Currency Swaps.

Other (Income) Expense

Other (income) expense consists of the change in fair value of investments, the gain or loss on sale of the Corporation's assets including property, plant and equipment, the gain on fair value of equity investment, earnings from equity investments, loss on sale of non-core business and the gain on contingent consideration.

(\$ millions)	Three month periods ended December 31			Years ended December 31		
	2022	2021	Change	2022	2021	Change
	\$	\$	\$	\$	\$	\$
Change in fair value of investments	(0.4)	(0.4)	—	(0.1)	(1.2)	1.1
(Gain) loss on sale of property, plant & equipment	(29.8)	0.1	(29.9)	(27.9)	(0.3)	(27.6)
Gain on fair value of equity investment	(2.8)	—	(2.8)	(2.8)	—	(2.8)
Earnings from equity investments	(1.5)	(0.6)	(0.9)	(8.6)	(1.6)	(7.0)
Loss on sale of non-core business	0.1	—	0.1	0.1	—	0.1
Gain on contingent consideration	—	—	—	—	(0.2)	0.2
Other (income) expense	(34.4)	(0.9)	(33.5)	(39.3)	(3.3)	(36.0)

- Gain on sale of property, plant and equipment increased to \$29.8 million (YTD – \$27.9 million) and was mainly due to the sale of non-core real estate in Surrey, British Columbia.
- In the fourth quarter of 2022, we recognized a \$2.8 million gain on fair value of an equity investment. We acquired control of Cordova through a series of transactions. On April 17, 2015, we acquired approximately 34.0 percent of the issued and outstanding shares of Cordova for \$0.6 million. We acquired all the remaining issued and outstanding shares of Cordova on November 1, 2022, for \$4.2 million in cash consideration and from issuing 284,078 Common Shares of Mullen Group to the vendors. The fair value of Cordova was \$12.0 million on the date control was obtained resulting in a \$2.8 million gain on this equity investment.
- Loss on sale of non-core business was recognized in the fourth quarter of 2022 and consisted of the sale of the Corporation's hydrovac assets and business operating under the former names of Canadian Hydrovac Ltd. and Recon Utility Search L.P.



- Earnings from our equity investments increased to \$1.5 million (YTD – \$8.6 million) due to Kriska Transportation Group Limited that experienced revenue growth and margin improvement.
- In 2022 the aggregate amount of revenue and OIBDA generated by our equity investments was \$388.5 million (2021 – \$285.0 million) and \$76.7 million (2021 – \$45.9 million), respectively. The following table details our equity investments and the date from which we commenced recording earnings from them.

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

Income Taxes

(\$ millions)	Three month periods ended December 31			Years ended December 31		
	2022	2021	Change	2022	2021	Change
	\$	\$	\$	\$	\$	\$
Income before income taxes	76.6	27.5	49.1	210.9	96.0	114.9
Combined statutory tax rate	25%	25%	—	25%	25%	—
Expected income tax	19.2	6.9	12.3	52.7	24.0	28.7
Add (deduct):						
Non-deductible (taxable) portion of net foreign exchange (gain) loss	(0.3)	0.1	(0.4)	1.2	(0.1)	1.3
Non-deductible (taxable) portion of the change in fair value of investments	(0.3)	—	(0.3)	(0.3)	(0.1)	(0.2)
Stock-based compensation expense	0.1	—	0.1	0.2	0.1	0.1
Changes in unrecognized deferred tax asset	(0.3)	0.1	(0.4)	1.2	(1.0)	2.2
Non-taxable portion of capital gain on sale of lands	(3.4)	—	(3.4)	(3.4)	—	(3.4)
Other	0.1	0.2	(0.1)	0.7	0.7	—
Income tax expense	15.1	7.3	7.8	52.3	23.6	28.7

Income tax expense was \$15.1 million (YTD – \$52.3 million) in 2022 as compared to \$7.3 million (YTD – \$23.6 million) in 2021. The increase was mainly attributable to greater income generated in 2022 as compared to 2021. This increase was somewhat offset by the non-taxable portion of the capital gain on the sale of lands that was mainly attributable to the disposal of non-core real estate in Surrey, British Columbia in the fourth quarter of 2022.

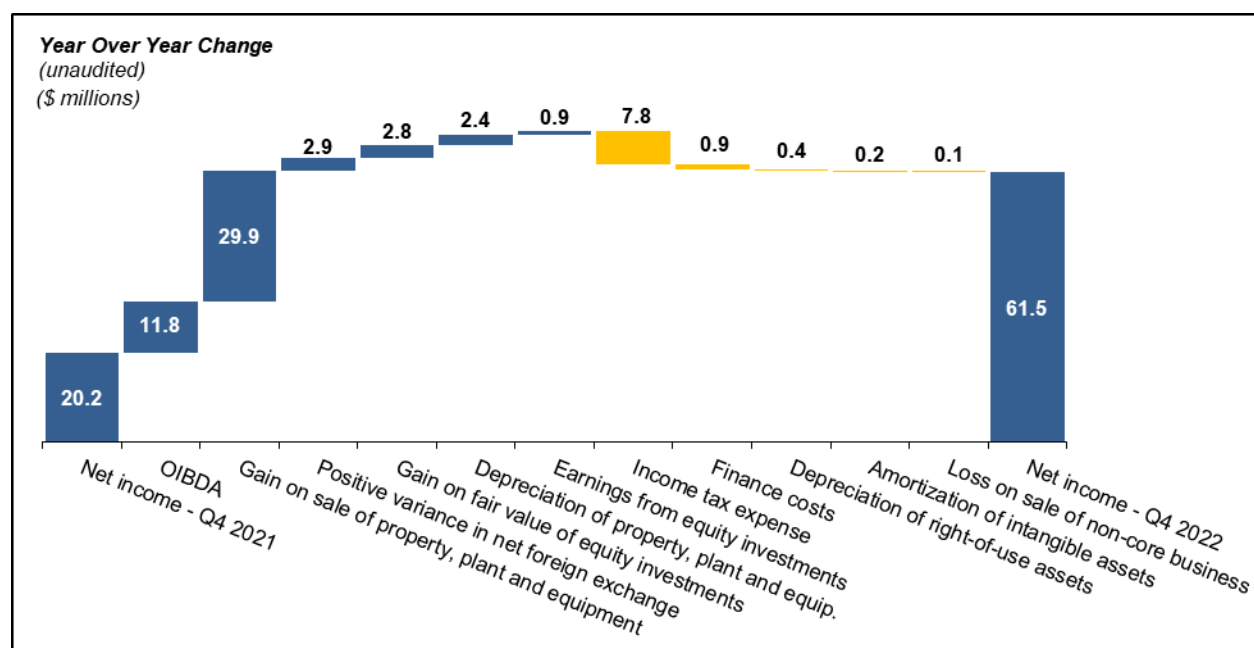
Net Income

(\$ millions, except share and per share amounts)	Three month periods ended December 31			Years ended December 31		
	2022	2021	% Change	2022	2021	% Change
Net income	\$ 61.5	\$ 20.2	204.5	\$ 158.6	\$ 72.4	119.1
Weighted average number of Common Shares outstanding	92,930,386	95,364,667	(2.6)	93,351,897	96,068,715	(2.8)
Earnings per share – basic	\$ 0.66	\$ 0.21	214.3	\$ 1.70	\$ 0.75	126.7

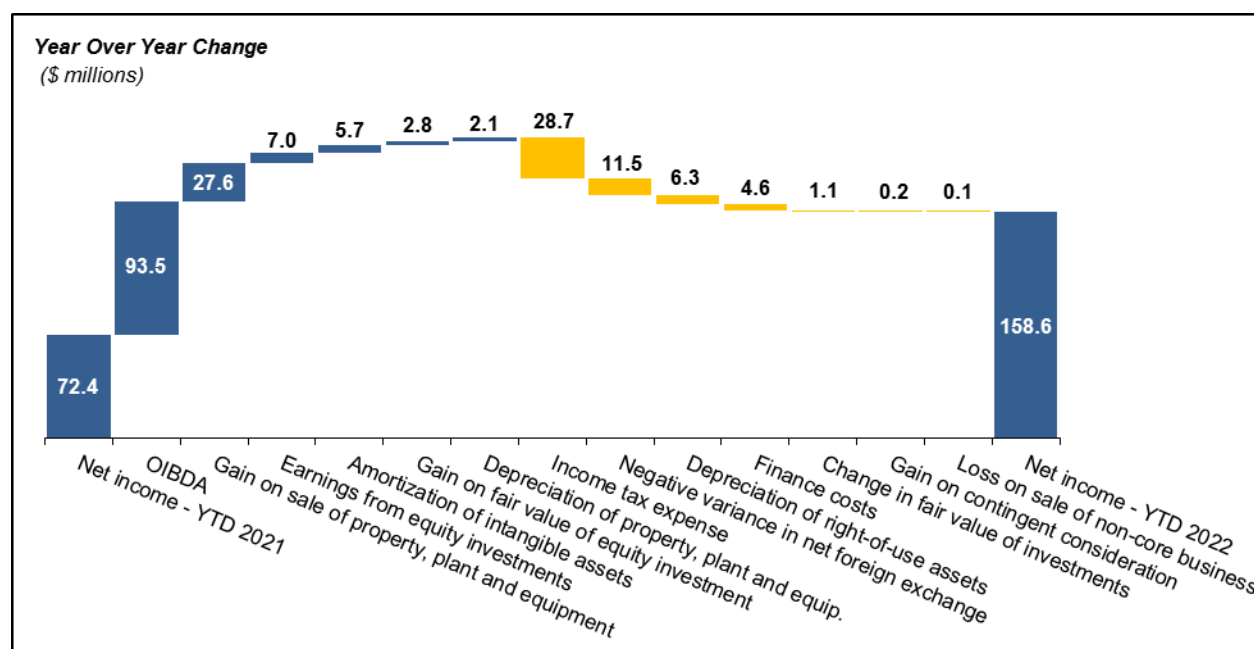


Net income increased to \$61.5 million (YTD – \$158.6 million) in 2022 as compared to \$20.2 million (YTD – \$72.4 million) in 2021. The factors contributing to the increase in net income include:

Three month period ended December 31, 2022



Year ended December 31, 2022



Basic earnings per share increased to \$0.66 (YTD – \$1.70) in 2022 as compared to \$0.21 (YTD – \$0.75) in 2021. This increase resulted from the effect of the \$41.3 million (YTD – \$86.2 million) improvement in net income. The weighted average number of Common Shares outstanding decreased from 95,364,667 (YTD – 96,068,715) to 92,930,386 (YTD – 93,351,897), which was due to the repurchase and cancellation of Common Shares under the NCIB being partially offset by the issuance of 750,000 Common Shares on the acquisition of APPS, 400,000 Common Shares issued on the DirectIT acquisition and 284,078 Common Shares issued on the Cordova acquisition.



Net Income – Adjusted¹ and Earnings per Share – Adjusted¹

Net income – adjusted¹ and earnings per share – adjusted¹ increased to \$53.6 million (YTD – \$164.2 million) or \$0.58 (YTD – \$1.76) in 2022 as compared to \$20.9 million (YTD – \$70.4 million) or \$0.22 (YTD – \$0.73) in 2021, respectively. Management adjusts net income and earnings per share by excluding specific factors to more clearly reflect earnings from an operating perspective.

Subsequent Events

Subsequent to December 31, 2022, until the date of this report, we repurchased 93,560 Common Shares at a total cost of \$1.3 million.

On January 10, 2023, the Corporation entered into a long-term land lease, whereby it plans to construct a facility to expand its extensive terminal network to coordinate the transportation, handling, and distribution of a wide range of freight. The land lease is scheduled to commence in October 2024. The Corporation paid a \$2.0 million deposit in 2023 to the landlord to secure the land lease, which is non-refundable and subject to certain covenants and conditions.

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



2022 SEGMENTED FINANCIAL RESULTS

Three Month Periods Ended

Three month period ended December 31, 2022 (unaudited) (\$ millions)	LTL	L&W	S&I	US 3PL	Corporate and intersegment eliminations	Total
	\$	\$	\$	\$	\$	\$
Revenue	190.8	153.8	108.0	52.6	(2.5)	502.7
Direct operating expenses	133.1	106.1	78.5	48.0	(4.0)	361.7
Selling and administrative expenses	25.9	17.3	10.4	3.7	6.1 ¹	63.4
OIBDA	31.8	30.4	19.1	0.9	(4.6)	77.6
Net capital expenditures ²	14.7	(27.3)	2.2	—	6.9	(3.5)

Three month period ended December 31, 2021 (unaudited) (\$ millions)	LTL	L&W	S&I	US 3PL	Corporate and intersegment eliminations	Total
	\$	\$	\$	\$	\$	\$
Revenue	168.8	131.8	82.0	61.2	(1.9)	441.9
Direct operating expenses	119.1	93.5	57.6	55.8	(3.0)	323.0
Selling and administrative expenses	23.5	14.2	8.2	3.4	3.8 ³	53.1
OIBDA	26.2	24.1	16.2	2.0	(2.7)	65.8
Net capital expenditures ²	9.9	7.7	—	—	9.7	27.3

¹ Includes a \$0.3 million foreign exchange loss.

² Refer to the section entitled "Other Financial Measures".

³ Includes a \$0.1 million foreign exchange loss.

Years Ended

Year ended December 31, 2022 (\$ millions)	LTL	L&W	S&I	US 3PL	Corporate and intersegment eliminations	Total
	\$	\$	\$	\$	\$	\$
Revenue	778.7	609.3	400.6	221.8	(10.9)	1,999.5
Direct operating expenses	536.8	422.8	283.9	202.2	(17.8)	1,427.9
Selling and administrative expenses	103.5	67.4	39.2	13.9	17.7 ¹	241.7
OIBDA	138.4	119.1	77.5	5.7	(10.8)	329.9
Net capital expenditures ²	30.1	(13.5)	4.9	—	11.3	32.8

Year ended December 31, 2021 (\$ millions)	LTL	L&W	S&I	US 3PL	Corporate and intersegment eliminations	Total
	\$	\$	\$	\$	\$	\$
Revenue	585.3	465.6	313.4	118.2	(5.1)	1,477.4
Direct operating expenses	411.1	327.3	218.6	107.5	(9.1)	1,055.4
Selling and administrative expenses	78.3	51.8	32.8	5.8	16.9 ³	185.6
OIBDA	95.9	86.5	62.0	4.9	(12.9)	236.4
Net capital expenditures ²	27.0	15.3	2.8	—	2.4	47.5

¹ Includes a \$1.3 million foreign exchange gain.

² Refer to the section entitled "Other Financial Measures".

³ Includes a \$1.4 million foreign exchange loss.





LESS-THAN-TRUCKLOAD

Highlights for the Quarter

The LTL segment is the largest and most profitable segment in the Mullen Group, currently comprised of 11 Business Units. Over the past several years we have completed a number of acquisitions expanding both service coverage and building lane density, two key reasons for the strong performance. Last year we generated record financial results in the segment due to a strong Canadian economy, that continued to benefit from robust consumer spending and business investment, major factors influencing the demand for freight shipments and higher rates per shipment. The first part of the year was noticeably stronger than the second half as the impact of higher interest rates started to influence overall economic activity as the year progressed. In the fourth quarter overall shipment demand declined from earlier quarters, although we attribute most of the decline to the traditional holiday season and weather-related issues in late December.

Market Outlook

We anticipate freight volumes to moderate in 2023 as central bank authorities continue to pursue a policy of higher interest rates and consumer spending is impacted by inflationary pressures. Within this macro environment our strategy shifts to controlling costs and improving productivity, initiatives we believe will allow our Business Units to maintain margins consistent with 2022. Acquisitions in this segment remain a strategic focus and priority, as we continue to look to add scale.

Revenue

LTL												
(\$ millions)	Three month periods ended December 31						Years ended December 31					
	2022		2021		Change		2022		2021		Change	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Company	177.8	93.2	155.0	91.8	22.8	14.7	718.7	92.3	539.0	92.1	179.7	33.3
Contractors	12.7	6.7	13.2	7.8	(0.5)	(3.8)	59.1	7.6	44.9	7.7	14.2	31.6
Other	0.3	0.1	0.6	0.4	(0.3)	(50.0)	0.9	0.1	1.4	0.2	(0.5)	(35.7)
Total	190.8	100.0	168.8	100.0	22.0	13.0	778.7	100.0	585.3	100.0	193.4	33.0

- Segment revenue increased in the fourth quarter and 2022 to \$190.8 million (YTD – \$778.7 million) as compared to \$168.8 million (YTD – \$585.3 million) in 2021.
- Fuel surcharge revenue increased by \$17.2 million in the quarter (YTD – \$64.8 million) (excluding acquisitions) due to the rise in diesel fuel prices.
- Incremental revenue from acquisitions accounted for \$5.5 million in the quarter (YTD – \$117.8 million).
- Segment revenue was negatively impacted in the fourth quarter of 2022 as inclement weather and the timing of holidays, reduced the number of working days available particularly in the month of December. On a year to date basis, general rate increases and steady demand contributed to a \$10.8 million increase in segment revenue.



Direct Operating Expenses

LTL												
(\$ millions)	Three month periods ended December 31						Years ended December 31					
	2022		2021		Change		2022		2021		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Company												
Wages and benefits	37.9	21.3	36.7	23.7	1.2	3.3	151.5	21.1	131.0	24.3	20.5	15.6
CEWS	—	—	(0.3)	(0.2)	0.3	(100.0)	—	—	(1.3)	(0.2)	1.3	(100.0)
Fuel	20.5	11.5	14.6	9.4	5.9	40.4	81.5	11.3	51.2	9.5	30.3	59.2
Repairs and maintenance	15.1	8.5	13.0	8.4	2.1	16.2	61.2	8.5	49.8	9.2	11.4	22.9
Purchased transportation	45.4	25.5	41.1	26.5	4.3	10.5	179.1	24.9	129.9	24.1	49.2	37.9
Operating supplies	2.6	1.5	1.9	1.2	0.7	36.8	10.1	1.4	7.6	1.4	2.5	32.9
Other	4.2	2.4	4.0	2.6	0.2	5.0	17.7	2.5	15.3	2.9	2.4	15.7
	125.7	70.7	111.0	71.6	14.7	13.2	501.1	69.7	383.5	71.2	117.6	30.7
Contractors	7.4	58.3	8.1	61.4	(0.7)	(8.6)	35.7	60.4	27.6	61.5	8.1	29.3
Total	133.1	69.8	119.1	70.6	14.0	11.8	536.8	68.9	411.1	70.2	125.7	30.6

*as a percentage of respective LTL revenue

- DOE were \$133.1 million (YTD – \$536.8 million) in 2022 as compared to \$119.1 million (YTD – \$411.1 million) in 2021. The increase of \$14.0 million (YTD – \$125.7 million) was due to the \$22.0 million (YTD – \$193.4 million) increase in segment revenue.
- As a percentage of revenue these expenses decreased by 0.8 percent to 69.8 percent from 70.6 percent in the fourth quarter of 2021 due to lower Contractors and Company costs. Year to date, these expenses as a percentage of revenue decreased to 68.9 percent from 70.2 percent in 2021.
- Company costs decreased as a percentage of Company revenue in the fourth quarter as customer rate increases more than offset higher inflationary costs, most notably fuel costs due to the rise in diesel fuel prices. Year to date, these expenses as a percentage of Company revenue decreased slightly as customer rate increases more than offset higher purchased transportation costs associated with acquisitions and increased fuel costs.
- Contractors costs as a percentage of Contractors revenue decreased in both the fourth quarter and full year of 2022 due to the greater availability of subcontractors in certain markets.

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Selling and Administrative Expenses

LTL												
(\$ millions)	Three month periods ended December 31						Years ended December 31					
	2022		2021		Change		2022		2021		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Wages and benefits	15.4	8.1	14.9	8.8	0.5	3.4	61.6	7.9	49.9	8.5	11.7	23.4
CEWS	—	—	(0.2)	(0.1)	0.2	(100.0)	—	—	(0.7)	(0.1)	0.7	(100.0)
Communications, utilities and general supplies	7.7	4.0	6.3	3.7	1.4	22.2	30.7	3.9	21.9	3.7	8.8	40.2
Profit share	1.4	0.7	1.3	0.8	0.1	7.7	6.4	0.8	4.4	0.8	2.0	45.5
Foreign exchange	—	—	—	—	—	—	—	—	—	—	—	—
Rent and other	1.4	0.8	1.2	0.7	0.2	16.7	4.8	0.7	2.8	0.5	2.0	71.4
Total	25.9	13.6	23.5	13.9	2.4	10.2	103.5	13.3	78.3	13.4	25.2	32.2

*as a percentage of total LTL revenue

- Incremental S&A expenses of \$1.1 million (YTD – \$16.8 million) from acquisitions, higher inflationary costs associated with utilities and general supplies, higher profit share and the \$0.2 million (YTD – \$0.7 million) recovery of CEWS in 2021 were the main reasons for the increase in S&A expenses from the prior year.

OIBDA

- The segment generated OIBDA of \$31.8 million (2021 – \$26.2 million) in the quarter, and \$138.4 million (2021 – \$95.9 million) for the year.
- OIBDA increased by \$5.6 million (YTD – \$42.5 million) with general rate increases and steady demand contributing \$4.7 million (YTD – \$23.2 million) of the increase while acquisitions added incremental OIBDA of \$0.9 million (YTD – \$19.3 million) in 2022.
- Operating margin¹ improved by 1.2 percent in the fourth quarter to 16.7 percent primarily due to lower DOE resulting from more efficient operations and customer rate increases. Year to date, operating margin¹ was 17.8 percent as compared to 16.4 percent in 2021.
- Adjusted OIBDA² increased to \$31.8 million (YTD – \$138.4 million), representing 16.7 percent (YTD – 17.8 percent) of revenue, as compared to \$25.7 million (YTD – \$93.9 million) representing 15.2 percent (YTD – 16.0 percent) in 2021.

Capital Expenditures

LTL						
(\$ millions)	Three month periods ended December 31			Years ended December 31		
	2022	2021	Change	2022	2021	Change
	\$	\$	\$	\$	\$	\$
Purchase of property, plant and equipment	14.9	10.5	4.4	31.3	29.0	2.3
Proceeds on sale of property, plant and equipment	(0.2)	(0.6)	0.4	(1.2)	(2.0)	0.8
Net capital expenditures¹	14.7	9.9	4.8	30.1	27.0	3.1

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

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

² Refer to the section entitled "Non-IFRS Financial Measures".





LOGISTICS & WAREHOUSING

Highlights for the Quarter

The L&W segment was a strong performer last year contributing over \$600.0 million in revenues, increasing operating margins¹ and generating record OIBDA. For most of 2022 the demand for freight, logistics and warehousing services was very solid, driven by an expanding economy and aggressive inventory purchasing by suppliers. However, industry conditions started to deteriorate in the fourth quarter as inventory levels reached elevated levels, forcing suppliers to curtail new orders and slowing the demand for freight shipments. Our segment continued to generate excellent results despite the freight slowdown, primarily due to the specialized service offerings provided by several Business Units and the strong performance of Kleysen Group Ltd. and Bandstra, the largest companies in the segment.

Market Outlook

We anticipate the segment to generate another year of solid results in 2023 due to the nature of the services provided by our 12 Business Units, an expectation that the western Canadian economy will benefit from investment in energy and mining related projects, and the potential rebound in freight demand as suppliers look to restock inventory levels at some point during the year. We will also consider acquisitions that compliment current service offerings.

Revenue

L&W												
(\$ millions)	Three month periods ended December 31						Years ended December 31					
	2022		2021		Change		2022		2021		Change	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Company	76.2	49.5	67.2	51.0	9.0	13.4	287.5	47.2	216.8	46.6	70.7	32.6
Contractors	77.2	50.2	64.4	48.9	12.8	19.9	320.3	52.6	247.7	53.2	72.6	29.3
Other	0.4	0.3	0.2	0.1	0.2	100.0	1.5	0.2	1.1	0.2	0.4	36.4
Total	153.8	100.0	131.8	100.0	22.0	16.7	609.3	100.0	465.6	100.0	143.7	30.9

- Segment revenue in the fourth quarter and 2022 increased by \$22.0 million (YTD – \$143.7 million) to \$153.8 million (YTD – \$609.3 million) as compared to \$131.8 million (YTD – \$465.6 million) in 2021.
- General rate increases and strong demand for freight services from virtually all of our Business Units led to a \$14.0 million (YTD – \$71.0 million) increase in segment revenue.
- Fuel surcharge revenue increased by \$8.0 million (YTD – \$36.9 million) (excluding acquisitions) due to the rise in diesel fuel prices.
- Incremental revenue of \$35.8 million from the acquisitions of Bandstra and Tri Point accounted for the remaining increase in segment revenue in 2022.

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



Direct Operating Expenses

L&W												
(\$ millions)	Three month periods ended December 31						Years ended December 31					
	2022		2021		Change		2022		2021		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Company												
Wages and benefits	14.7	19.3	14.0	20.8	0.7	5.0	60.5	21.0	49.5	22.8	11.0	22.2
CEWS	—	—	(0.5)	(0.7)	0.5	(100.0)	—	—	(2.0)	(0.9)	2.0	(100.0)
Fuel	7.0	9.2	5.2	7.7	1.8	34.6	28.2	9.8	17.4	8.0	10.8	62.1
Repairs and maintenance	7.6	10.0	6.4	9.5	1.2	18.8	28.5	9.9	23.0	10.6	5.5	23.9
Purchased transportation	9.1	11.9	8.9	13.2	0.2	2.2	38.6	13.4	23.9	11.0	14.7	61.5
Operating supplies	10.1	13.3	8.6	12.8	1.5	17.4	25.2	8.8	21.2	9.8	4.0	18.9
Other	2.5	3.2	2.4	3.7	0.1	4.2	9.3	3.3	7.4	3.5	1.9	25.7
	51.0	66.9	45.0	67.0	6.0	13.3	190.3	66.2	140.4	64.8	49.9	35.5
Contractors	55.1	71.4	48.5	75.3	6.6	13.6	232.5	72.6	186.9	75.5	45.6	24.4
Total	106.1	69.0	93.5	70.9	12.6	13.5	422.8	69.4	327.3	70.3	95.5	29.2

*as a percentage of respective L&W revenue

- DOE were \$106.1 million (YTD – \$422.8 million) in 2022 as compared to \$93.5 million (YTD – \$327.3 million) in 2021. The increase of \$12.6 million (YTD – \$95.5 million) was due to the \$22.0 million (YTD – \$143.7 million) increase in segment revenue.
- As a percentage of revenue these expenses decreased in both the fourth quarter and on a year to date basis as compared to the corresponding prior year period due to lower Contractors costs.
- Company costs remained fairly consistent as a percentage of Company revenue in the fourth quarter of 2022 as compared to the same period in 2021 as higher customer rates were offset by inflationary costs, most notably higher fuel costs. On a year to date basis, Company costs increased as a percentage of Company revenue due to higher purchased transportation costs associated with our new acquisitions and from higher fuel costs.
- Contractors costs as a percentage of Contractors revenue decreased in both the fourth quarter and year to date in 2022 as compared to the same corresponding periods in 2021 due to the greater availability of Contractors in certain markets.

Selling and Administrative Expenses

L&W												
(\$ millions)	Three month periods ended December 31						Years ended December 31					
	2022		2021		Change		2022		2021		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Wages and benefits	10.2	6.6	9.3	7.0	0.9	9.7	41.4	6.8	34.0	7.3	7.4	21.8
CEWS	—	—	(0.3)	(0.2)	0.3	(100.0)	—	—	(1.1)	(0.2)	1.1	(100.0)
Communications, utilities and general supplies	4.2	2.7	3.3	2.5	0.9	27.3	16.0	2.6	12.3	2.6	3.7	30.1
Profit share	2.0	1.3	1.5	1.1	0.5	33.3	7.8	1.3	4.9	1.1	2.9	59.2
Foreign exchange	—	—	—	—	—	—	(0.8)	(0.1)	(0.1)	—	(0.7)	700.0
Rent and other	0.9	0.6	0.4	0.4	0.5	125.0	3.0	0.5	1.8	0.3	1.2	66.7
Total	17.3	11.2	14.2	10.8	3.1	21.8	67.4	11.1	51.8	11.1	15.6	30.1

*as a percentage of total L&W revenue

- S&A expenses increased by \$3.1 million (YTD – \$15.6 million) due to increased profit share and higher inflationary costs associated with utilities and general supplies. On a year to date basis, we also recognized \$5.2 million of incremental S&A expenses associated with acquisitions.



OIBDA

- OIBDA increased by \$6.3 million in the fourth quarter of 2022, to \$30.4 million, as compared to the prior year period due to general rate increases at virtually all of our Business Units. On a year to date basis, OIBDA increased by \$32.6 million, to \$119.1 million, of which \$26.1 million came from general rate increases and \$6.5 million resulted from acquisitions.
- Operating margin¹ improved to 19.8 percent (YTD – 19.5 percent) in 2022 as compared to 18.3 percent (YTD – 18.6 percent) in 2021 due to several Business Units implementing rate increases that more than offset inflationary costs.
- Adjusted OIBDA² was \$30.4 million (YTD – \$119.1 million) in 2022 as compared to \$23.3 million (YTD – \$83.4 million) in 2021.
- Adjusted operating margin² increased to 19.8 percent (YTD – 19.5 percent) in 2022 as compared to 17.7 percent (YTD – 17.9 percent) in 2021 due to the strong performance at several of our Business Units.

Capital Expenditures

L&W						
(\$ millions)	Three month periods ended December 31			Years ended December 31		
	2022	2021	Change	2022	2021	Change
	\$	\$	\$	\$	\$	\$
Purchase of property, plant and equipment	5.9	8.3	(2.4)	22.5	17.5	5.0
Proceeds on sale of property, plant and equipment	(33.2)	(0.6)	(32.6)	(36.0)	(2.2)	(33.8)
Net capital expenditures ¹	(27.3)	7.7	(35.0)	(13.5)	15.3	(28.8)

- The majority of the capital invested in 2022 consisted of trucks, trailers and various pieces of operating equipment to replace some older less efficient equipment. Proceeds on sale mainly consisted of the sale of non-core real property in Surrey, British Columbia for \$32.6 million.

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

² Refer to the section entitled "Non-IFRS Financial Measures".





SPECIALIZED & INDUSTRIAL SERVICES

Highlights for the Quarter

The demand for specialized services, including dewatering, water management, pipeline hauling, oilfield activity, and construction project work in northern Manitoba, remained elevated in the quarter and very consistent with the previous quarterly period. A new contribution to the segment was the acquisition of Cordova, a company based in northern British Columbia, that we held a minority position in for eight years, primarily because we believe natural gas drilling activity will increase in the region upon completion of the Kitimat LNG Project. Overall business activity in the quarter was impacted by the weather issues in December and the extended holiday season essentially bringing activity to a standstill in the latter part of December. Higher pricing for virtually all services, implemented throughout the year, was the primary reason operating profitability remained strong as the 15 Business Units were successful at focusing on higher margin business.

Market Outlook

We maintain a positive outlook for the majority of the Business Units in the segment, with the only exception being our Premay Pipeline Hauling group, as major pipeline construction activity in western Canada nears completion. All indications are that the oil and natural gas industry will continue to increase drilling programs this year, potentially reaching new cycle highs in 2023. There is also growing pressure on the industry to allocate new capital towards long term projects that meet evolving ESG benchmarks. Capital investment in construction projects, along with dewatering and water management services, are expected to remain consistent with last year. For these reasons, we believe the segment can maintain revenues and profitability in 2023. In addition, acquisition opportunities are starting to look very attractive from a valuation perspective. We will consider investments in this segment that can enhance margins and be integrated into our current service offerings.

Revenue

S&I												
(\$ millions)	Three month periods ended December 31						Years ended December 31					
	2022		2021		Change		2022		2021		Change	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Company	82.6	76.5	66.6	81.2	16.0	24.0	318.3	79.5	251.7	80.3	66.6	26.5
Contractors	25.0	23.1	15.3	18.7	9.7	63.4	81.2	20.3	60.6	19.3	20.6	34.0
Other	0.4	0.4	0.1	0.1	0.3	300.0	1.1	0.2	1.1	0.4	—	—
Total	108.0	100.0	82.0	100.0	26.0	31.7	400.6	100.0	313.4	100.0	87.2	27.8

- Segment revenue in both the fourth quarter and year to date 2022 increased by \$26.0 million (YTD – \$87.2 million) to \$108.0 million (YTD – \$400.6 million) as compared to \$82.0 million (YTD – \$313.4 million) in 2021.
- General rate increases led to a \$19.6 million (YTD – \$67.2 million) increase in segment revenue, which was due to greater revenue from those Business Units involved in the transportation of fluids and servicing of wells, from greater demand at Canadian Dewatering and Smook, and from greater activity levels in the Western Canadian Sedimentary Basin ("WCSB") for our drilling related services Business Units.
- Fuel surcharge revenue increased by \$2.9 million (YTD – \$10.9 million) while incremental revenue of \$3.5 million (YTD – \$9.1 million) from the acquisitions of Cordova and Babine accounted for some of the increase in segment revenue in 2022.



Direct Operating Expenses

S&I												
(\$ millions)	Three month periods ended December 31						Years ended December 31					
	2022		2021		Change		2022		2021		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Company												
Wages and benefits	20.5	24.8	18.4	27.7	2.1	11.4	77.9	24.5	69.6	27.7	8.3	11.9
CEWS	—	—	(3.1)	(4.7)	3.1	(100.0)	—	—	(9.8)	(3.9)	9.8	(100.0)
Fuel	7.4	9.0	5.4	8.1	2.0	37.0	27.6	8.7	19.2	7.6	8.4	43.8
Repairs and maintenance	14.2	17.2	11.9	17.9	2.3	19.3	53.1	16.7	44.3	17.6	8.8	19.9
Purchased transportation	0.7	0.8	0.4	0.6	0.3	75.0	2.7	0.8	1.7	0.7	1.0	58.8
Operating supplies	12.3	14.9	10.4	15.6	1.9	18.3	47.8	15.0	36.2	14.4	11.6	32.0
Other	2.6	3.2	1.8	2.7	0.8	44.4	8.3	2.6	6.9	2.7	1.4	20.3
	57.7	69.9	45.2	67.9	12.5	27.7	217.4	68.3	168.1	66.8	49.3	29.3
Contractors	20.8	83.2	12.4	81.0	8.4	67.7	66.5	81.9	50.5	83.3	16.0	31.7
Total	78.5	72.7	57.6	70.2	20.9	36.3	283.9	70.9	218.6	69.8	65.3	29.9

*as a percentage of respective S&I revenue

- DOE were \$78.5 million (YTD – \$283.9 million) in 2022 as compared to \$57.6 million (YTD – \$218.6 million) in 2021. The increase of \$20.9 million (YTD – \$65.3 million) was mainly due to the \$26.0 million (YTD – \$87.2 million) increase in segment revenue.
- As a percentage of revenue these expenses increased to 72.7 percent in the fourth quarter of 2022 from 70.2 percent in 2021 due to higher Company and Contractors costs. Year to date, these expenses increased as compared to the same period in 2021 due to higher Company costs.
- Company costs increased as a percentage of Company revenue in both the fourth quarter and year to date 2022 due to higher inflationary costs, most notably fuel along with recognizing \$3.1 million (YTD – \$9.8 million) of CEWS in 2021.
- Contractors costs as a percentage of Contractors revenue increased in the fourth quarter of 2022 as compared to the same period in 2021 due to the lower availability of subcontractors in certain markets. Year to date, Contractors costs as a percentage of Contractors revenue decreased due to a greater proportion of low margin subcontractors' costs associated with pipeline hauling and stringing services in 2021.

Selling and Administrative Expenses

S&I												
(\$ millions)	Three month periods ended December 31						Years ended December 31					
	2022		2021		Change		2022		2021		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Wages and benefits	5.3	4.9	5.3	6.5	—	—	21.1	5.3	20.7	6.6	0.4	1.9
CEWS	—	—	(0.8)	(1.0)	0.8	(100.0)	—	—	(2.8)	(0.9)	2.8	(100.0)
Communications, utilities and general supplies	3.4	3.1	3.1	3.8	0.3	9.7	12.4	3.1	11.4	3.6	1.0	8.8
Profit share	1.2	1.1	0.6	0.7	0.6	100.0	4.7	1.2	2.9	0.9	1.8	62.1
Foreign exchange	—	—	—	—	—	—	—	—	—	—	—	—
Rent and other	0.5	0.5	—	—	0.5	—	1.0	0.2	0.6	0.3	0.4	66.7
Total	10.4	9.6	8.2	10.0	2.2	26.8	39.2	9.8	32.8	10.5	6.4	19.5

*as a percentage of total S&I revenue

- S&A expenses were \$10.4 million (YTD – \$39.2 million) in 2022 as compared to \$8.2 million (YTD – \$32.8 million) in 2021. The increase of \$2.2 million (YTD – \$6.4 million) was mainly due to higher profit share from greater earnings, inflationary



costs associated with utilities and general supplies, incremental S&A expenses from acquisitions and from the recovery of CEWS in 2021.

OIBDA

- OIBDA increased by \$2.9 million to \$19.1 million in the quarter, and increased by \$15.5 million to \$77.5 million for the year due to price increases implemented at several Business Units, the improved results at Canadian Dewatering, greater demand from the Business Units involved in the transportation of fluids and servicing of wells, and drilling related services as higher commodity prices resulted in increased activity levels in the WCSB.
- Operating margin¹ decreased by 2.1 percent (YTD – 0.5 percent) to 17.7 percent (YTD – 19.3 percent) in 2022 from 19.8 percent (YTD – 19.8 percent) in 2021 due to the recovery of CEWS in 2021.
- Adjusted OIBDA² was \$19.1 million (YTD – \$77.5 million) as compared to \$12.3 million (YTD – \$49.4 million) in 2021.
- Adjusted operating margin² increased to 17.7 percent (YTD – 19.3 percent) in 2022 from 15.0 percent (YTD – 15.8 percent) in 2021 due to price increases implemented at several Business Units, the strong performance at Canadian Dewatering and greater activity levels in the WCSB.

Capital Expenditures

S&I						
(\$ millions)	Three month periods ended December 31			Years ended December 31		
	2022	2021	Change	2022	2021	Change
	\$	\$	\$	\$	\$	\$
Purchase of property, plant and equipment	3.4	2.0	1.4	11.4	11.0	0.4
Proceeds on sale of property, plant and equipment	(1.2)	(2.0)	0.8	(6.5)	(8.2)	1.7
Net capital expenditures ¹	2.2	—	2.2	4.9	2.8	2.1

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

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

² Refer to the section entitled "Non-IFRS Financial Measures".





U.S. & INTERNATIONAL LOGISTICS

Highlights for the Quarter

HAUListic, the only Business Unit currently included in the segment, was negatively impacted by the slowdown in the U.S. freight markets, with the demand for truckload shipments experiencing a sharp decline as shippers continued rebalancing inventory levels. LTL and international shipments remained resilient despite a softening in economic activity, a major reason HAUListic experienced only a moderate decline in revenues during the quarter. Operating margins¹ and profitability came under pressure due to competitive pricing as well as an increase in S&A expenses, primarily associated with our decision to add IT talent to the group.

Market Outlook

Business activity and overall freight demand will be impacted by the slowing economy and the inventory rebalancing by shippers and retailers. This will negatively affect revenues and profitability in 2023. Nevertheless, we still believe HAUListic will be profitable due to the nature of the non-asset 3PL business, as contractors are pressured to reduce rates with demand falling. We remain committed to enhancing our proprietary technology platform, SilverExpress™, a transportation management software and digital marketplace, an investment we believe offers the best opportunity for HAUListic to grow in the non-asset 3PL marketplace.

Revenue

US 3PL												
(\$ millions)	Three month periods ended December 31						Years ended December 31					
	2022		2021		Change		2022		2021		Change	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Company	—	—	—	—	—	—	—	—	—	—	—	—
Contractors	52.6	100.0	61.2	100.0	(8.6)	(14.1)	221.8	100.0	118.2	100.0	103.6	87.6
Other	—	—	—	—	—	—	—	—	—	—	—	—
Total	52.6	100.0	61.2	100.0	(8.6)	(14.1)	221.8	100.0	118.2	100.0	103.6	87.6

- Segment revenue in the fourth quarter decreased by \$8.6 million to \$52.6 million as compared to \$61.2 million in the fourth quarter of 2021, due to the slowing demand for full truckload shipments.
- Segment revenue in 2022 increased by \$103.6 million to \$221.8 million as compared to \$118.2 million in 2021 due to the timing of the acquisition of HAUListic.

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



Direct Operating Expenses

US 3PL												
(\$ millions)	Three month periods ended December 31						Years ended December 31					
	2022		2021		Change		2022		2021		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Company												
Wages and benefits	—	—	—	—	—	—	—	—	—	—	—	—
CEWS	—	—	—	—	—	—	—	—	—	—	—	—
Fuel	—	—	—	—	—	—	—	—	—	—	—	—
Repairs and maintenance	—	—	—	—	—	—	—	—	—	—	—	—
Purchased transportation	—	—	—	—	—	—	—	—	—	—	—	—
Operating supplies	—	—	—	—	—	—	—	—	—	—	—	—
Other	0.2	—	0.1	—	0.1	100.0	0.9	—	0.2	—	0.7	350.0
	0.2	—	0.1	—	0.1	100.0	0.9	—	0.2	—	0.7	350.0
Contractors	47.8	90.9	55.7	91.0	(7.9)	(14.2)	201.3	90.8	107.3	90.8	94.0	87.6
Total	48.0	91.3	55.8	91.2	(7.8)	(14.0)	202.2	91.2	107.5	90.9	94.7	88.1

*as a percentage of respective US 3PL revenue

- HAUListic, a non-asset based 3PL provider and does not own any operating assets other than its proprietary technology platform trademarked as SilverExpress™. HAUListic uses the services of Contractors to transport tendered freight shipments whereby all freight is moved through a network of licensed and certified contractors.
- DOE were \$48.0 million (YTD – \$202.2 million) in 2022 as compared to \$55.8 million (YTD – \$107.5 million) in 2021. In absolute dollar terms, DOE decreased in the fourth quarter of 2022 as compared to the prior year period due to the decrease in segment revenue. Year to date, DOE increased in absolute dollar terms due to the timing of the acquisition of HAUListic.
- As a percentage of segment revenue, DOE remained relatively consistent in both the fourth quarter and on a year to date basis in 2022 as compared to the corresponding prior year periods.

Selling and Administrative Expenses

US 3PL												
(\$ millions)	Three month periods ended December 31						Years ended December 31					
	2022		2021		Change		2022		2021		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Wages and benefits	2.6	4.9	1.9	3.1	0.7	36.8	9.4	4.2	3.8	3.2	5.6	147.4
CEWS	—	—	—	—	—	—	—	—	—	—	—	—
Communications, utilities and general supplies	0.9	1.7	1.0	1.6	(0.1)	(10.0)	3.5	1.6	1.4	1.2	2.1	150.0
Profit share	—	—	—	—	—	—	0.2	0.1	—	—	0.2	—
Foreign exchange	0.1	0.2	0.1	0.2	—	—	(0.4)	(0.2)	—	—	(0.4)	—
Rent and other	0.1	0.2	0.4	0.7	(0.3)	(75.0)	1.2	0.6	0.6	0.5	0.6	100.0
Total	3.7	7.0	3.4	5.6	0.3	8.8	13.9	6.3	5.8	4.9	8.1	139.7

*as a percentage of total US 3PL revenue

- S&A expenses consist primarily of salaries and technology costs to both support and continue the development of our proprietary technology platform trademarked as SilverExpress™.
- S&A expenses were \$3.7 million (YTD – \$13.9 million) in 2022 as compared to \$3.4 million (YTD – \$5.8 million) in 2021. In absolute dollar terms, S&A expenses increased in the fourth quarter of 2022 as compared to the prior year period due to adding support staff to continue the development of SilverExpress™. Year to date, S&A expenses increased in absolute dollar terms due to the timing of the acquisition of HAUListic.



- As a percentage of segment revenue, S&A expenses increased in both the fourth quarter and on a year to date basis in 2022 as compared to the corresponding prior year periods.

OIBDA

- OIBDA decreased by \$1.1 million to \$0.9 million in the fourth quarter of 2022 as compared to the prior year period due to the combination of lower segment revenue combined with higher S&A expenses to further the development of SilverExpress™. Year to date, OIBDA increased by \$0.8 million to \$5.7 million as compared to the prior year due to the timing of the acquisition of HAUListic.
- Operating margin¹ declined by 1.6 percent (YTD – 1.5 percent) to 1.7 percent (YTD – 2.6 percent) in 2022 as compared to 3.3 percent (YTD – 4.1 percent) in the same corresponding period in 2021, primarily due to higher S&A expenses as a percentage of segment revenue.
- Operating margin¹ as a percentage of net revenue² was 19.6 percent (YTD – 29.0 percent) in 2022 as compared to 37.0 percent (YTD – 45.8 percent) in 2021.

Capital Expenditures

This asset light operating segment did not have any capital expenditures or dispositions. This segment only had \$1.0 million of property, plant and equipment associated with its SilverExpress™ transportation management platform as at December 31, 2022 and therefore generates cash in excess of its operating needs.

CORPORATE

The Corporate Office recorded a loss of \$4.6 million (YTD – \$10.8 million) in 2022 as compared to a loss of \$2.7 million (YTD – \$12.9 million) in 2021. The \$1.9 million increase in loss in the fourth quarter of 2022 as compared to the prior year period was mainly attributable to higher salaries and a \$0.2 million negative variance in foreign exchange. The \$2.1 million decrease in loss in 2022 as compared to the prior year was mainly attributable to a \$2.7 million positive variance in foreign exchange, which was somewhat offset by higher salaries.

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

² Refer to the section entitled "Non-IFRS Financial Measures"



CAPITAL RESOURCES AND LIQUIDITY

Consolidated Cash Flow Summary

(\$ millions)	Years ended December 31	
	2022	2021
Net cash from operating activities	\$ 263.0	\$ 198.0
Net cash used in financing activities	(215.1)	(46.3)
Net cash used in investing activities	(37.0)	(255.6)
Change in cash and cash equivalents	10.9	(103.9)
Effect of exchange rate fluctuations on cash held	(2.1)	(1.4)
Cash and cash equivalents, beginning of period	—	105.3
Cash and cash equivalents, end of period	\$ 8.8	\$ —

Sources and Uses of Cash

Cash From Operating Activities

We continue to generate cash in excess of our operating needs by generating net cash from operating activities of \$263.0 million in 2022 as compared to \$198.0 million in 2021. The increase of \$65.0 million was mainly due to the increase in OIBDA in 2022 as compared to 2021. This increase was somewhat offset by higher working capital requirements associated with the revenue growth we experienced in 2022 and from an increase in cash taxes paid in 2022 as compared to the prior year.

Cash Used In Financing Activities

Net cash used in financing activities was \$215.1 million in 2022 as compared to using \$46.3 million in 2021. This \$168.8 million variance was mainly due to the change in the amounts being borrowed and repaid on our Credit Facilities in 2022 as compared to 2021 to finance working capital requirements. We also had an increase in cash used to pay dividends to common shareholders, pay interest obligations, pay debt assumed on the Willy's acquisition and repay lease liabilities. These items were somewhat offset by a decrease in cash used to repurchase and cancel Common Shares under the NCIB.

Cash Used In Investing Activities

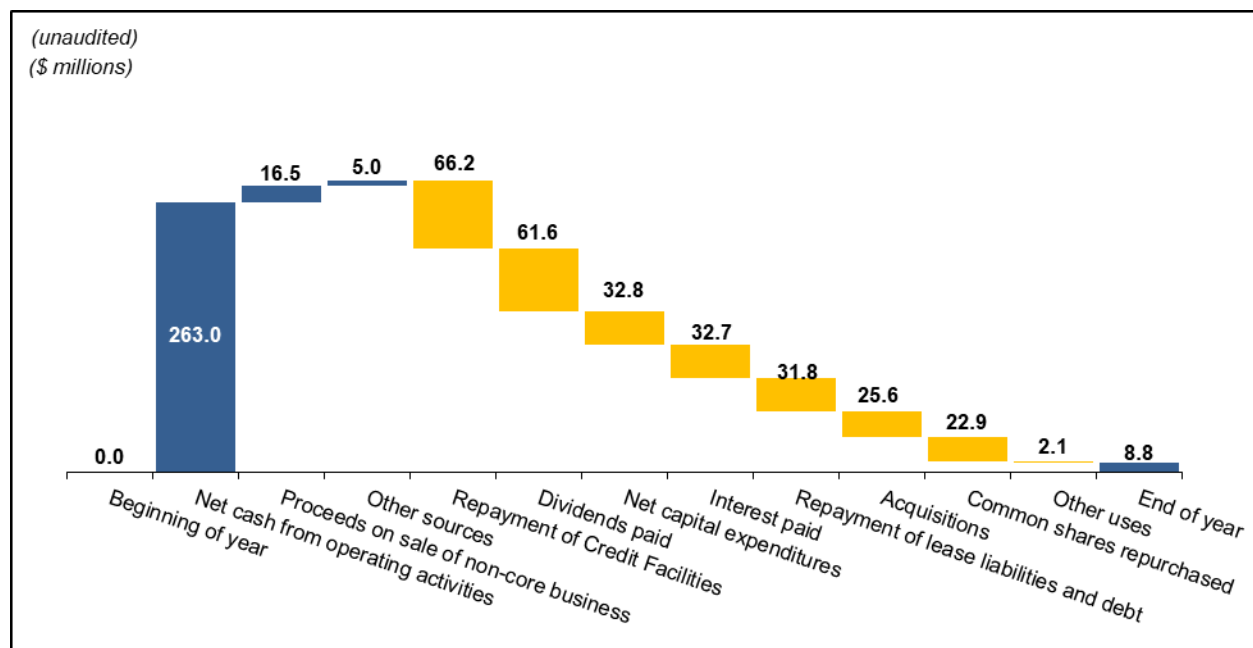
Net cash used in investing activities decreased to \$37.0 million in 2022 as compared to \$255.6 million in 2021. This \$218.6 million decrease was mainly due to a \$181.9 million decrease in cash used on acquisitions. In addition, net capital expenditures¹ decreased by \$14.7 million mainly due to the sale of non-core real estate in Surrey, British Columbia in 2022. We also generated \$16.5 million of cash from the sale of our hydrovac business in 2022.

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

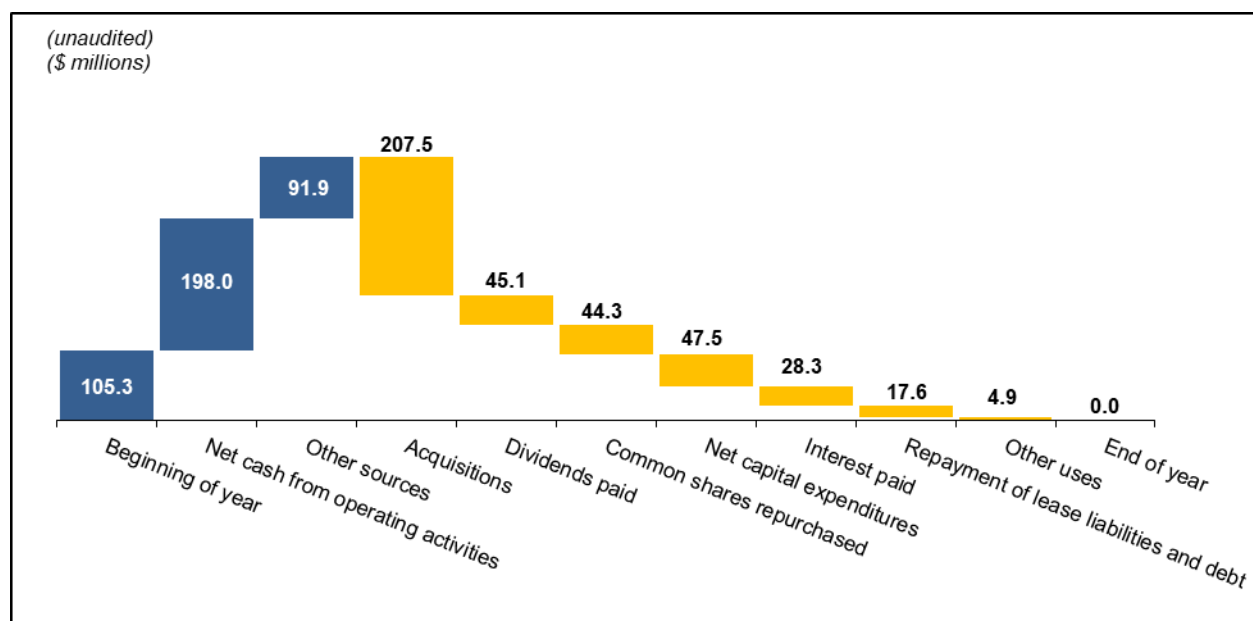


The following charts present the sources and uses of cash for comparative purposes.

Year ended December 31, 2022



Year ended December 31, 2021



Working Capital

At December 31, 2022, we had \$140.3 million (December 31, 2021 – \$50.8 million) of working capital, which included \$22.8 million of amounts drawn on the Credit Facilities. This working capital also includes a current liability of \$21.0 million (December 31, 2021 – \$17.9 million) related to the current portion of lease liabilities. This working capital, the Credit Facilities, and the anticipated cash flow from operating activities in 2023 are available to finance ongoing working capital requirements, the 2023 dividend, the 2023 capital budget, as well as various special projects and acquisition opportunities.



DEBT AND CONTRACTUAL OBLIGATIONS

Debt

As at December 31, 2022, total debt less working capital was \$527.9 million (December 31, 2021 – \$587.5 million), which consisted of total debt of \$712.3 million (December 31, 2021 – \$745.3 million) less working capital (excluding the current portion of lease liabilities) of \$184.4 million (December 31, 2021 – \$157.8 million). The primary reason for the decrease in the carrying value of the long-term debt was due to repaying amounts drawn on the Credit Facilities, which was somewhat offset by the increase in lease liabilities and the weakening of the Canadian dollar relative to the U.S. dollar on our U.S. dollar denominated debt. Total debt is comprised of the Private Placement Debt, the Debentures, lease liabilities, the Credit Facilities and various financing loans. The following table summarizes total debt less working capital as at December 31, 2022, and December 31, 2021.

(\$ millions)	Interest Rate	December 31, 2022		December 31, 2021		Change in CDN. Dollar Equivalent
		U.S. Dollar	CDN. Dollar Equivalent	U.S. Dollar	CDN. Dollar Equivalent	
Private Placement Debt:						
Series G - matures October 22, 2024	3.84%	\$ 117.0	\$ 158.5	\$ 117.0	\$ 148.4	\$ 10.1
Series H - matures October 22, 2026	3.94%	112.0	151.7	112.0	142.0	9.7
Series I - matures October 22, 2024	3.88%	—	30.0	—	30.0	—
Series J - matures October 22, 2026	4.00%	—	3.0	—	3.0	—
Series K - matures October 22, 2024	3.95%	—	58.0	—	58.0	—
Series L - matures October 22, 2026	4.07%	—	80.0	—	80.0	—
Bank indebtedness	variable ¹	—	22.8	—	89.0	(66.2)
Various financing loans	2.68% - 7.49%	—	1.1	—	0.9	0.2
Less:						
Unamortized debt issuance costs		—	(0.5)	—	(0.7)	0.2
Long-term debt (including the current portion)		229.0	504.6	229.0	550.6	(46.0)
Debentures – debt component	5.75%	—	115.8	—	113.5	2.3
Lease liabilities (including the current portion)	3.20%	—	91.9	—	81.2	10.7
Total debt		\$ 229.0	\$ 712.3	\$ 229.0	\$ 745.3	\$ (33.0)
Less:						
Working capital (excluding the bank indebtedness and the current portion of long-term debt and leases)			184.4		157.8	26.6
Total debt less working capital			\$ 527.9		\$ 587.5	\$ (59.6)

¹ Bank prime rate plus 0.5 percent or bankers' acceptance rates plus 1.5 percent.

Total Net Debt¹ to Operating Cash Flow. Mullen Group's total net debt¹ cannot exceed 3.5 times operating cash flow calculated using the trailing twelve months' financial results normalized for acquisitions. The term total net debt¹, as defined within the Private Placement Debt Agreement, means all debt excluding the Debentures less any unrealized gain on Cross-Currency Swaps plus any unrealized loss on Cross-Currency Swaps as disclosed within Derivatives on the consolidated statement of financial position but includes the Private Placement Debt, lease liabilities, Credit Facilities and letters of credit. The term "**operating cash flow**", as defined within the Private Placement Debt Agreement, means, for any quarterly period, the trailing twelve months' consolidated net income adjusted for all amounts deducted in the computation thereof on account of (i) taxes imposed on or measured by income or excess profits; (ii) depreciation and amortization taken during such period; (iii) total interest charges, including interest on the Debentures; and (iv) non-cash charges.

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



Total net debt¹ to operating cash flow was calculated as follows:

	December 31 2022	December 31 2021
Total net debt¹ to operating cash flow		
Total net debt ¹	\$ 554.0	\$ 598.4
Operating cash flow	\$ 331.0	\$ 237.2
Total net debt ¹ to operating cash flow	1.67:1	2.52:1

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

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

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

	December 31 2022	December 31 2021
Total Earnings Available for Fixed Charges to Total Fixed Charges		
Total earnings available for fixed charges	\$ 336.1	\$ 240.0
Total fixed charges	\$ 30.9	\$ 23.9
Total earnings available for fixed charges to total fixed charges	10.89:1	10.02:1

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

Financial Covenants	Financial Covenant Threshold	December 31 2022	December 31 2021
Private Placement Debt Covenants			
(a) Total net debt ¹ to operating cash flow cannot exceed	3.50:1	1.67:1	2.52:1
(b) Total earnings available for fixed charges to total fixed charges cannot be less than	1.75:1	10.89:1	10.02:1

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

Total net debt¹ to operating cash flow was 1.67:1 at December 31, 2022. Assuming the \$554.0 million of total net debt¹ remains constant, we would need to generate approximately \$158.3 million of operating cash flow on a trailing twelve month basis to remain in compliance with this financial covenant.

Mullen Group is also subject to a priority debt covenant. The term "priority debt" means all indebtedness secured by permitted liens excluding certain qualified subsidiary debt. Priority debt cannot exceed 15.0 percent of total assets. At December 31, 2022, the priority debt was \$0.4 million or an insignificant percentage of total assets.

Our debt-to-equity ratio was 0.73:1 at December 31, 2022, as compared to 0.84:1 at December 31, 2021. This decrease in the debt-to-equity ratio was due to the net effect of a \$33.0 million decrease in total debt (including the current portion) and an \$84.7 million increase in equity as compared to December 31, 2021. The \$33.0 million decrease in total debt was due to reducing the amount being borrowed on the Credit Facilities in 2022, which was somewhat offset by the increase in lease liabilities and the \$19.8 million foreign exchange loss on the Corporation's U.S. dollar debt. The \$84.7 million increase in equity mainly resulted from the \$158.6 million of net income being recognized in 2022. This item was somewhat offset by the \$63.4 million of dividends declared to shareholders in 2022 and from the Common Shares repurchased under the NCIB.

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



Contractual Obligations

The following table summarizes the contractual maturities of financial liabilities, using the contractual cash flows.

(\$ millions)	Maximum Payments				
	Total	1 year	2 – 3 years	4 – 5 years	5 years and thereafter
	\$	\$	\$	\$	\$
Private Placement Debt ¹	481.1	—	246.4	234.7	—
Interest on Private Placement Debt ¹	52.9	18.9	26.4	7.6	—
Bank indebtedness	22.8	22.8	—	—	—
Debentures	125.0	—	—	125.0	—
Interest on the Debentures	28.2	7.2	14.4	6.6	—
Purchase obligations	42.0	42.0	—	—	—
Lease liabilities	107.2	25.2	36.0	19.8	26.2
Various financing loans	1.1	0.2	0.9	—	—
Total Contractual Obligations	860.3	116.3	324.1	393.7	26.2

¹ Assumes a U.S. dollar foreign exchange rate of \$1.3544.

We ended 2022 with Private Placement Debt of \$481.1 million, an increase of \$19.8 million as compared to the \$461.3 million at the beginning of the year. This increase was due to the \$19.8 million foreign exchange loss on the Corporation's U.S. dollar debt. The Private Placement Debt matures in 2024 and 2026.

In June 2019, we issued \$125.0 million of the Debentures, by way of a bought deal, at a price of \$1,000 per Debenture. The Debentures mature on November 30, 2026, and bear interest at an annual rate of 5.75 percent payable semi-annually in arrears on the last day of May and November of each year. Each \$1,000 Debenture is convertible into 71.4286 Common Shares (or a conversion price of \$14.00) at any time at the option of the holders of the Debentures. As at the date of issuance, an aggregate of 8,928,575 Common Shares would be issued if all holders converted their principal amount.

As at December 31, 2022, we entered into various capital expenditure purchase obligations totalling \$42.0 million. The majority of these purchase obligations relate to the acquisition of trucks and trailers given that certain manufacturers require purchase obligations in advance so that manufacturing can commence and expected delivery times can be met.

The majority of our lease liabilities relate to real property leases that are mainly utilized by certain Business Units within the LTL and L&W segments. Some Business Units have also entered into leases pertaining to various pieces of operating equipment including rail cars, trucks and trailers. As at December 31, 2022, we had total contractual cash commitments of \$107.2 million while the carrying amount of these lease liabilities on our consolidated statement of financial position was \$91.9 million. The carrying amount is measured at the present value of the remaining lease payments at an average incremental borrowing rate of 3.2 percent.

As at December 31, 2022, we had \$22.8 million of bank indebtedness, which consists of amounts drawn on the Credit Facilities. Various financing loans consist of a mortgage that was assumed as part of the acquisition of Bandstra and various bank loans assumed on the acquisition of Cordova.



SHARE CAPITAL

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

Common Shares

Common Shares Authorized: Unlimited Number	# of Common Shares	Amount (\$ millions)
Balance at December 31, 2021	94,532,178	\$ 853.6
Common Shares repurchased and cancelled	(1,863,251)	(12.2)
Common Shares issued on acquisitions	284,078	3.9
Balance at December 31, 2022	92,953,005	\$ 845.3

At December 31, 2022, there were 92,953,005 Common Shares outstanding representing \$845.3 million in share capital. In 2022 we repurchased and cancelled 1,863,251 Common Shares under the NCIB program. We also repurchased 74,465 Common Shares that were cancelled in January 2023. As at January 31, 2023, there were 92,878,540 Common Shares issued and outstanding.

In 2022 we issued 284,078 Common Shares as partial consideration for the acquisition of Cordova.

Stock Option Plan

	Options	Weighted average exercise price
Outstanding – December 31, 2021	3,755,000	\$ 16.89
Granted	345,000	13.42
Expired	(205,000)	(21.48)
Forfeited	(140,000)	(13.12)
Outstanding – December 31, 2022	3,755,000	\$ 16.47
Exercisable – December 31, 2022	2,400,000	\$ 19.29

There are 3,012,500 stock options available to be issued under our stock option plan. In 2022 we granted 345,000 stock options at a weighted average exercise price of \$13.42. In 2022 there were 205,000 stock options that had expired and 140,000 stock options were forfeited. As at December 31, 2022, Mullen Group had 3,755,000 stock options outstanding under the stock option plan. As at January 31, 2023, there were 3,510,000 stock options outstanding under the stock option plan.

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CAPITAL EXPENDITURES

The following chart summarizes our capital expenditures and depreciation for facilities as well as trucks, trailers and specialized equipment for the last number of years.

Capital Expenditures and Depreciation Summary (\$ millions)	Years ended December 31			
	2022	2021	2020	2019
	\$	\$	\$	\$
Facilities				
Gross capital expenditures	18.1	16.7	22.6	18.7
Net capital expenditures ¹	(20.8)	6.6	15.2	18.7
Depreciation	9.3	10.3	8.4	7.9
Trucks, trailers and specialized equipment				
Gross capital expenditures	63.3	51.5	42.3	56.3
Net capital expenditures ¹	53.6	40.9	35.2	49.8
Depreciation	61.8	62.9	64.0	72.6
Total				
Gross capital expenditures	81.4	68.2	64.9	75.0
Net capital expenditures ¹	32.8	47.5	50.4	68.5
Depreciation	71.1	73.2	72.4	80.5

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

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SUMMARY OF QUARTERLY RESULTS

Seasonality of Operations

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

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

Financial Results

	TTM ¹	2022				2021			
(unaudited) (\$ millions, except per share amounts)		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	1,999.5	502.7	518.4	521.5	456.9	441.9	432.5	312.5	290.5
OIBDA	329.9	77.6	98.1	93.9	60.3	65.8	64.5	59.0	47.1
Net income	158.6	61.5	38.0	42.7	16.4	20.2	17.5	21.7	13.0
Earnings per share									
Basic	1.70	0.66	0.41	0.46	0.17	0.21	0.18	0.23	0.13
Diluted	1.62	0.62	0.39	0.43	0.17	0.21	0.18	0.23	0.13
Other Information									
Net foreign exchange loss (gain)	10.8	(2.1)	8.4	1.2	3.3	0.8	(0.2)	(1.2)	(0.1)
Decrease (increase) in fair value of investments	(0.1)	(0.4)	0.4	0.1	(0.2)	(0.4)	0.3	(0.7)	(0.4)

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

Consolidated revenue in the fourth quarter of 2022 was a record as compared to any previous fourth quarter and increased by \$60.8 million to \$502.7 million as compared to \$441.9 million in 2021. This increase was mainly due to general rate increases along with steady demand for freight services, incremental revenue from acquisitions and an increase in fuel surcharge revenue. Net income in the fourth quarter was \$61.5 million, an increase of \$41.3 million from the \$20.2 million of net income generated in 2021. The \$41.3 million increase in net income was mainly attributable to the increase in gain on sale of property, plant and equipment and from an increase in OIBDA.

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

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

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



SELECTED FINANCIAL DATA

Consolidated – Seven Year

Years ended December 31 (\$ thousands) (unaudited)	2022	2021	2020	2019	2018	2017	2016
	\$	\$	\$	\$	\$	\$	\$
Revenue	1,999,453	1,477,434	1,164,331	1,278,502	1,260,798	1,138,489	1,035,059
Expenses							
Direct operating expenses	1,427,939	1,055,392	796,541	909,911	902,813	811,378	711,847
Selling and administrative expenses	241,625	185,664	150,216	167,679	168,970	154,953	142,179
OIBDA ¹	329,889	236,378	217,574	200,912	189,015	172,158	181,033
Depreciation and amortization	112,513	113,964	101,590	111,491	87,489	86,570	85,300
Finance costs	35,043	30,381	28,464	23,625	20,027	27,499	32,460
Net foreign exchange loss (gain)	10,787	(723)	(2,393)	(14,140)	8,537	(21,693)	(5,778)
Other (income) expense	(39,335)	(3,089)	3,779	(201)	(445)	(504)	(2,694)
Impairment of goodwill	—	—	—	—	100,000	—	—
Gain on contingent consideration	—	(150)	—	—	—	(2,000)	—
Income (loss) before income taxes	210,881	95,995	86,134	80,137	(26,593)	82,286	71,745
Income tax expense	52,262	23,559	22,155	7,896	17,194	16,777	19,707
Total comprehensive income	158,619	72,436	63,979	72,241	(43,787)	65,509	52,038

Segmented Information – Five Year

Years ended December 31 (\$ thousands) (unaudited)	2022	2021	2020	2019	2018
	\$	\$	\$	\$	\$
Less-Than-Truckload Segment					
Revenue	778,728	585,318	443,792	451,582	429,286
Direct operating expenses	536,786	411,096	307,786	321,458	307,830
Selling and administrative expenses	103,517	78,292	61,018	59,503	58,120
OIBDA ¹	138,425	95,930	74,988	70,621	63,336
Operating margin ²	17.8%	16.4%	16.9%	15.6%	14.8%
Logistics & Warehousing Segment					
Revenue	609,288	456,614	362,007	404,840	424,852
Direct operating expenses	422,869	327,234	251,331	294,617	316,637
Selling and administrative expenses	67,344	51,838	39,090	45,394	46,931
OIBDA ¹	119,075	86,542	71,586	64,829	61,284
Operating margin ²	19.5%	18.6%	19.8%	16.0%	14.4%
Specialized & Industrial Services Segment					
Revenue	400,605	313,394	362,041	426,312	410,578
Direct operating expenses	283,939	218,623	243,504	302,946	288,925
Selling and administrative expenses	39,130	32,760	36,185	48,420	51,071
OIBDA ¹	77,536	62,011	82,352	74,946	70,582
Operating margin ²	19.4%	19.8%	22.8%	17.6%	17.2%
U.S. & International Logistics Segment					
Revenue	221,844	118,193	—	—	—
Direct operating expenses	202,225	107,555	—	—	—
Selling and administrative expenses	13,877	5,703	—	—	—
OIBDA ¹	5,742	4,935	—	—	—
Operating margin ²	2.6%	4.1%	—	—	—

¹ Effective January 1, 2019, the Corporation adopted IFRS 16 – Leases. As is permitted with this new standard, comparative information for previous years has not been restated.

² Refer to the section entitled "Other Financial Measures".



Other Information

Years ended December 31 (\$ thousands) (unaudited)	2022	2021	2020	2019	2018*	2017	2016
Ratios – Operating							
Return on equity ¹	17.0%	8.1%	7.1%	8.0%	3.5%	6.7%	5.9%
Gross margin – percentage of revenue ²	28.6%	28.6%	31.6%	28.8%	28.4%	28.7%	31.2%
Selling and administrative expenses – percentage of revenue	12.1%	12.6%	12.9%	13.1%	13.4%	13.6%	13.7%
Operating margin ³	16.5%	16.0%	18.7%	15.7%	15.0%	15.1%	17.5%
Adjusted operating margin ⁴	16.5%	14.8%	16.4%	15.7%	15.0%	15.1%	17.5%
Operating ratio ⁵	87.6%	91.6%	90.5%	93.2%	92.2%	92.4%	90.7%
Financial Position							
Acid test ratio ⁶	1.37:1	0.94:1	2.80:1	2.74:1	1.74:1	1.76:1	1.88:1
Property, plant and equipment	\$981,624	\$985,971	\$939,107	\$954,604	\$965,683	\$916,140	\$948,540
Total assets	\$1,996,131	\$1,921,996	\$1,717,936	\$1,749,292	\$1,645,852	\$1,750,657	\$1,873,027
Long-term debt (including current portion)	\$712,279	\$745,315	\$607,872	\$616,842	\$512,185	\$539,973	\$695,697
Equity	\$973,397	\$888,664	\$896,418	\$917,921	\$898,076	\$989,731	\$960,410
Debt-to-equity ratio ⁷	0.73:1	0.84:1	0.68:1	0.67:1	0.57:1	0.55:1	0.72:1
Total net debt to operating cash flow ⁸	1.67:1	2.52:1	2.10:1	2.30:1	2.46:1	2.40:1	2.37:1
Net cash from operating activities	\$262,970	\$197,967	\$224,821	\$170,653	\$140,710	\$142,085	\$174,314
Share Data							
Net cash from operating activities per share	\$2.82	\$2.06	\$2.23	\$1.63	\$1.35	\$1.37	\$1.76
Book value per share ⁹	\$10.47	\$9.40	\$9.26	\$8.76	\$8.57	\$9.55	\$9.27
Earnings (loss) per share (basic) ¹⁰	\$1.70	\$0.75	\$0.64	\$0.69	\$(0.42)	\$0.63	\$0.52
Price/earnings ratio ¹¹	8.5	15.5	17.0	13.4	37.0	25.0	38.1
Weighted number of shares outstanding (thousands)	93,352	96,069	100,624	104,825	104,274	103,654	99,165
Total shares outstanding (thousands)	92,953	94,532	96,852	104,825	104,825	103,654	103,654

* 2018 operating ratios and share data are calculated before the effect of the impairment of goodwill.

NOTES:

¹ Return on equity was calculated by dividing net income (loss) by average shareholders' equity.

² Gross margin was calculated by dividing revenue less direct operating costs by revenue.

³ Operating margin was calculated by dividing OIBDA by revenue.

⁴ Adjusted operating margin was calculated by dividing adjusted OIBDA by revenue.

⁵ Operating ratio was calculated by dividing the total cost before impairment of goodwill, taxes, interest, earnings from equity investments and net gains and losses on foreign exchange, as a percentage of revenue.

⁶ Acid test ratio was calculated by dividing cash (bank indebtedness) plus receivables by current liabilities.

⁷ Debt-to-equity ratio was calculated by dividing total debt by shareholders' equity.

⁸ Total net debt to operating cash flow was calculated as per the financial covenant terms within the Private Placement Debt agreement.

⁹ Book value per share was calculated by dividing shareholders' equity by the number of shares outstanding.

¹⁰ Earnings (loss) per share was calculated by dividing net income (loss) by the weighted average number of shares outstanding.

¹¹ Price/earnings ratio was calculated by dividing the year-end closing price by earnings (loss) per share adjusted for the impairment of goodwill.



TRANSACTIONS WITH RELATED PARTIES

Key Management Personnel Compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the business activities of the Corporation, including all its directors along with certain executives. Directors are remunerated for services rendered in their capacity as directors by way of a combination of retainer fees and meeting attendance fees. The overall compensation program for executives is comprised of base salary and benefits, annual profit share and stock-based compensation. Our Executives do not have formal employment contracts. Similar to the employment processes established for employees, each executive's personnel file contains a memorandum outlining the basic terms of an executive's employment relationship with the Corporation. There are no agreements or arrangements with any executive for the payment of compensation in the case of resignation, retirement, or termination of employment, a change of control of Mullen Group or its Business Units or a change in an executive's responsibilities following a change of control. Key management personnel do not participate in a defined benefit or actuarial pension plan, however, key management personnel do participate in the Stock Option Plan. Total remuneration to key management personnel including directors' fees, salaries and benefits, annual profit share, and the value attributable to stock-based compensation expense was as follows:

(\$ millions) Category	Years Ended December 31			
	2022		2021	
Salaries and benefits (including profit share)	\$	2.2	\$	1.6
Share-based payments		0.1		—
Total	\$	2.3	\$	1.6

There are no outstanding amounts owing to or amounts receivable from directors and officers as at December 31, 2022 and 2021, with respect to the overall compensation program for the executives. As at December 31, 2022, directors and officers of Mullen Group collectively held 5,704,999 Common Shares (2021 – 5,590,625) representing 6.1 percent (2021 – 5.9 percent) of all Common Shares of the Corporation. As at December 31, 2022, directors and officers of Mullen Group held \$4.9 million of the Debentures under the same terms and conditions as those issued to unrelated third parties. The majority of the Debentures outstanding at December 31, 2022, were held by Murray K. Mullen (\$4.4 million). Other than these \$4.9 million of Debentures, Mullen Group has no contracts with its key management personnel.

Related Party Transactions

During the year, we generated revenue of \$7,367 (2021 – \$8,650) and incurred expenses of \$6,000 (2021 – nil) with entities that are related by virtue of David E. Mullen, a Board member having control or joint control over the other entities. There was no accounts receivable amounts due from these related parties as at December 31, 2022 and 2021.

During the year, we generated revenue of \$4.9 million (2021 – \$3.4 million), incurred expenses of \$0.3 million (2021 – \$0.2 million) and sold nil (2021 – \$550,000) of property, plant and equipment with our equity investments, which are accounted for by the equity method of accounting. As at December 31, 2022, there was \$1.8 million (2021 – \$2.0 million) of accounts receivable amounts due from our equity investments, including debentures owing from Thrive Management Group Ltd. ("Thrive") at an interest rate of 10.0 percent per annum calculated and payable semi-annually that mature in 2023. There was \$30,225 (2021 – \$1,400) of accounts payable amounts due to equity investments at year end.

All related party transactions were provided in the normal course of business materially under the same commercial terms and conditions as transactions with unrelated companies and recorded at the exchange amount.



PRINCIPAL RISKS AND UNCERTAINTIES

The nature of both our business and our strategy means that we face a number of inherent risks and uncertainties. We endeavour to manage these risks within the context of our understanding of market trends along with maintaining a strategic goal of achieving satisfactory shareholder returns.

The operational complexities inherent in our business, together with the highly regulated and competitive environment of the industries in which we operate, leave Mullen Group exposed to a number of risks and uncertainties, which may affect Mullen Group's future financial and operational performance (collectively the "risks"). The logistics business and other related activities are directly affected by fluctuations in the general economy, including the amount of trade between Canada and the United States and the value of the Canadian dollar as compared to the U.S. dollar. Our S&I segment is directly affected by fluctuations in the levels of oil and gas drilling activity, oil sands development and production activity carried on by its customers, which in turn is dictated by numerous factors, including but not limited to world energy prices and government policies.

Many risks, for example, the cyclical and volatile nature of the oil and gas industry, may be mitigated to a certain degree but still remain outside of our control. The Board is responsible for approving our organization's level of risk tolerance and for overseeing the management of the risks the organization faces. Risk oversight guidance is set forth in the Mullen Group Board mandate. We define risk as: "The possibility that an event, action or circumstance may adversely affect the organization's ability to achieve its business objectives." A risk management review process has been formalized to assist in mitigating risk. The risk management review process highlights the significant risks that our business is exposed to, which then leads to mitigation plans. Although we have developed and implemented these mitigation plans to assist in managing these risks, there is no certainty these strategies will be successful in whole or in part. In addition, the inability to identify, assess and respond to known and unknown risks through the risk management review process could lead to, among other things, our inability to capture opportunities, recognize threats and inefficiencies and comply with laws and regulations, all of which may have a material adverse effect on our business or share price.

We believe that the risks described below are the ones that could have the most significant impact on the Corporation. Readers are cautioned that the list of risks is not exhaustive and new information, future events or changing circumstances could affect our operations and financial results, which may reduce or restrict our ability to pay a dividend to our shareholders and may materially affect the market price of our securities. We encourage you to review and carefully consider the risks described below, which may impact or materially adversely affect our business, financial condition, results of operations, cash flows or prospects. In turn, this could have a material adverse effect on the trading price of our Common Shares and Debentures. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also adversely affect our business and operations.

For ease of reference, we have categorized the most significant risks identified by Mullen Group in the following three categories:

STRATEGIC RISKS:	FINANCIAL RISKS:	OPERATIONAL RISKS:
- geopolitical risks - general economy - natural gas and oil drilling and oil sands development - changes in the legal framework - e-commerce and supply chain evolution - acquisitions - competition	- interest rates - foreign exchange rates - investments - access to financing - reliance on major customers - impairment of goodwill or intangible assets - credit risk	- senior management and employees - cost escalation & fuel costs - potential operating risks & insurance - information technology & cyber security - business continuity, disaster recovery & crisis management - environmental liability risks - weather & seasonality - access to parts, development of new technology & relationships with key suppliers - regulation - litigation



STRATEGIC RISKS:

Geopolitical Risks:

Geopolitical risk is viewed as the major strategic risk to our organization impacting everything from the general economy to oil and gas development in western Canada. Political shocks and surprises of the past few years show how easily assumptions about rational markets, legal certainty, international relations and trade can be shaken. In our view, geopolitical volatility has become a key driver of uncertainty, and will remain one over the next few years.

Risk Description & Trend

Geopolitical risk is the risk associated with legislative, judicial, political, economic and regulatory uncertainty. For instance, unexpected events can cause a spike in commodity prices or an unexpected change in trade patterns or currency valuations.

Trend: In the recent past, the rise of populism, the repudiation of existing economic and political systems, global trade tensions and certain judicial decisions have created uncertainty that have negatively impacted investment sentiment in Canada and in the oil and gas sector specifically.

Potential Impact

There are a variety of decisions that various levels of government and the judiciary can make that can negatively affect individual businesses, industries and the overall economy. These include, but are not limited to, regulatory approvals, currency valuation, trade tariffs, labour laws, taxes and carbon pricing, environmental and other regulations. More specifically, we identify geopolitical risks that may impact the following strategic risks:

- General economy
- Natural gas and oil drilling and oil sands development
- Changes in legal framework

Mitigation

In consideration of this risk, we strive to be flexible and resilient, monitor risks proactively, and have adopted a diversification strategy. We service an extensive customer base from diverse industries covering a broad geographic area. In addition, we actively manage the mix of Company Equipment and Contractors we use to service our customers. In our opinion, these diversification and operating strategies ensure, as much as possible, that we are not overly exposed to any single economic trend.

Geopolitical Risks – General Economy:

Our results are affected by the state of the economy and trade patterns and the associated demand for freight transportation and logistics services. These general economic factors, as well as instability in financial and credit markets or government restrictions, which are beyond our control, could adversely affect our business, financial condition, results of operations and cash flows.

Risk Description & Trend

Mullen Group is a significant provider of trucking and logistics services to customers throughout North America. Our results are affected by the state of the economy and trade patterns, both in North America and globally, and the associated demand for freight transportation and logistics services. Trade disruptions may pose a substantial risk to Mullen Group.

Trend: After experiencing a significant decline in economic activity in 2020 due to COVID-19, economic activity in North America rebounded to near pre-pandemic levels in 2021 and continued to improve in 2022. Employment levels rebounded and there is yet again labour shortages in certain sectors including the transportation industry. Risks remain in regard to the future path of interest rates, inflation, labour shortages, decline in global free trade, tensions in the geopolitical and trade environment and there is economic uncertainty as a result of a potential for a global recession.

Potential Impact

General economic activity is the main driver of demand levels for our LTL, L&W and US 3PL segments. Uncertainty with regard to the health of the North American economy or trade patterns could have a

material adverse effect on the operations of our LTL, L&W and US 3PL segments and, to a lesser degree, our S&I segment (to the extent that the economy affects commodity pricing with respect to oil and gas, in particular), and our overall financial condition.

An economic recession may result in a decrease or substantial reduction in revenue as a result of:

- lower overall freight levels, which negatively affects our asset utilization and margin;
- customers bidding out freight or selecting competitors that offer lower rates, in an attempt to lower their costs, forcing us to lower our rates or lose freight; and
- customers with credit issues and cash flow problems.

Inflation may cause input costs to rise at a faster pace than rate increases, thereby negatively affecting operating margin¹. Further, higher prices and higher fuel surcharges to our customers may cause some of our customers to consider alternatives.

Mitigation

In consideration of this risk, we service an extensive customer base from diverse industries covering a broad geographic area. In addition, we actively manage the mix of Company Equipment and Contractors we use to service our customers. During periods of peak demand, we tend to use a higher volume of Contractors, which yield lower margins, but protects us from the downside risk and fixed costs associated with a larger fleet of Company Equipment during periods of lower demand. We have also invested in intermodal containers and fuel-efficient equipment to assist in the management of inflation, increased fuel costs and reduce Greenhouse Gas ("GHG") emissions. Further, it has been recognized that transportation and supply chain management is an essential service. We have been able to adapt to the changes in consumer spending patterns and the evolution and prominence of e-commerce purchases and supply chain change. In our view, these diversification and operating strategies ensure, as much as possible, that we are not overly exposed to any single economic trend.

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



Geopolitical Risk – Natural Gas and Oil Drilling and Oil Sands Development:

As a service provider to the oil and gas industry we are reliant on the levels of capital expenditures made by oil sands, oil and gas producers. Our results may be affected by the level of capital expenditures in the WCSB, including investments in natural gas and both for conventional and unconventional oil and oil sands development. Pipeline approvals and natural gas export facilities are critical to the future development of Canada's natural gas and oil resource development.

Risk Description & Trend

Approximately 10.0 percent of our revenue is directly related to oil and gas drilling activity and oil sands development in western Canada. As a service provider to the oil and gas industries we are reliant on the levels of capital expenditures made by oil and gas exploration and production companies ("E&Ps"). In our experience, the level of capital investment made by E&Ps is based on several factors including, but not limited to:

- net hydrocarbon prices and the related impacts of fluctuating light/heavy and sweet/sour crude oil differentials;
- market access and long-term takeaway capacity, including pipeline and rail infrastructure;
- anticipated and actual aggregate production levels;
- access to capital;
- regulatory and stakeholder approvals for exploration and development activities;
- changes in demand for refinery feedstock;
- fuel conservation measures, long-term demand for fossil fuels, the evolution of electric vehicles ("EV") and alternative forms of transportation;
- changes to royalty and tax legislation;
- indigenous claims or protests; and
- environmental regulations and approvals.

Negative public perception of oil sands, conventional oil and natural gas development, pipelines, hydraulic fracturing and fossil fuels generally may further impede industry growth in the WCSB. Operators and producers tend to examine long-term fundamentals affecting the foregoing factors before they adjust their capital budgets to reflect these assessments. There can be no certainty that investments will be made by E&Ps, or that approvals for infrastructure or export facilities by regulators or the judiciary will be forthcoming. Market access and long-term takeaway capacity are critical factors to western Canadian oil production growth. Further, the development of LNG export facilities and pipeline infrastructure are

critical to the future development of Canada's natural gas sector.

In addition, a change in this regulatory regime may impact our customers and our operations. Climate change regulations and carbon taxes may lead to project delays and additional costs to producers affecting both their profitability and their investments in oil, oil sands and natural gas. Given the evolving nature of the debate related to climate change, it is not currently possible to predict the nature of, or the impact on, our operations and future financial condition, however, it seems unlikely that major oil sands expansion, as seen in the past, will be forthcoming.

Further, the industry may become subject to new environmental regulations, which could negatively affect future capital expenditures. In addition to GHG emissions regulations, oil sands producers are subject to water use regulations, which may become more stringent and require additional capital in order to satisfy. To date, regulations relating to water use and management, have had no demonstrable or quantifiable negative effect on our business.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons.

Trend: Over the course of 2022, we saw a recovery in oil prices and crude oil demand rebounded to nearly 100 million barrels per day during December 2022. Oil prices are expected to remain at or near recent levels, however, economic uncertainty and downside risks are always a consideration. More recently, the war in Ukraine has created instability in the global oil and gas industry and has demonstrated just how intertwined conventional oil and natural gas is to a properly functioning economic system. As such, it appears that the global transition to alternative energies will take more time than was initially envisioned, leaving countries to prioritize their energy needs with conventional and commercially available sources.

As a result, investment in the oil and gas industry in western Canada is expected to be up from 2022. In the medium term, the LNG Canada project in Kitimat, British Columbia and the war in Ukraine may contribute to increased capital expenditures by E&Ps.

Potential Impact

As a service provider to this sector, we are directly impacted by and reliant on the level of capital and operational expenditures. Another sudden decline as experienced in 2020 or a more prolonged decline of oil and/or natural gas prices will have a negative impact on drilling activity and oil sands maintenance as well as further oil sands development that would negatively affect the operations in our S&I segment as well as our overall financial condition. Conversely, a resurgence of oil and/or natural gas prices and increased demand should have a positive impact on the operations in our S&I segment as well as our overall financial condition.

Ultimately, the prices of our services are subject to aggregate industry demand and the availability of service equipment and qualified personnel. In addition, the long-term impact of changing demand for oil and gas products could have a material adverse effect on our business, results of operations and financial condition.

Mitigation

To mitigate this risk and potential uncertainty we pivoted away from this industry and made investments in the more stable LTL, L&W and US 3PL segments. We also continually assess the requirements for further investments in our S&I segment and have diversified our operations within this segment itself.

In addition, we endeavour to ensure that our capital allocation, costs and pricing are appropriate for the anticipated level of oil and natural gas development. We also recognize the cyclical and volatile nature of drilling activity and mitigate the risks associated with this volatility as reasonably possible through the combination of a disciplined capital allocation process and a focus on maintaining long-term relationships with large-cap oil and gas companies.



Geopolitical Risk – Changes in the Legal Framework:

We may be adversely affected by changes to existing laws and regulations, trade agreements, change in the permitting process as it relates to oil and natural gas infrastructure projects and subsequent court challenges.

Risk Description:

Our operations are subject to a variety of federal, provincial and local laws, regulations and guidelines and income tax laws ("Regulations"). In addition, the operations of Mullen Group may be affected by international trade agreements and the ability to seamlessly cross international borders.

Our customers in the oil and gas sector are subject to various Regulations such as royalties, environmental regulations and the reduction of GHG emissions. In addition, before proceeding with most major projects, including the building of a pipeline, an LNG export facility or significant changes to an existing oil sands plant, E&Ps must obtain various federal, provincial, state and municipal permits and regulatory approvals. These permits may be challenged and subject to denial or the imposition of further conditions by the judiciary.

Changes in tax laws may also adversely affect our results of operations and financial performance. Significant judgement is required in determining our provision for income taxes and various internal and external factors may have favorable or unfavorable effects on our future provision for income taxes, income taxes receivable and our effective income tax rate. These

factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, changes in estimates of prior years' items, transfer pricing adjustments and changes in the overall mix of income among the different jurisdictions in which we operate. Furthermore, new accounting pronouncements or new interpretations of existing accounting pronouncements can have a material impact on our effective income tax rate and accordingly, our financial performance.

Additionally, Mullen Group has claimed and received benefits under certain COVID-19 Government Programs. Any material changes in the governing legislation, or administrative practice for a COVID-19 Program accessed by Mullen Group could cause an unanticipated obligation to repay that may negatively impact the results of operations and financial performance of Mullen Group.

Potential Impact

There can be no assurance that such Regulations, including those relating to the oil and gas industry and the transportation industry, as well as environmental and otherwise applicable operating legislation will not be changed in a manner that

adversely affects our organization. Any such change could have a material adverse effect on our business, results of operations and financial condition. Our customers are similarly subject to Regulations and there can be no assurance that the Regulations governing our customers will not be changed in a manner that adversely affects them and, thereby, Mullen Group.

Mitigation

The diversity of our Business Units and our decentralized business model may diminish the effect that a change in the legal framework could have on Mullen Group as a whole. This diversification strategy has resulted in investment in several sectors of the economy, most notably in transportation and logistics, and oilfield services, as well as in many geographic regions. We monitor proposed legislative changes and participate with various industry associations in advocating for reasonable and non-disruptive regulatory changes. Further, we engage tax experts to provide advice and review our corporate tax and other filings returns as well as to evaluate changes in Regulations and how such changes may impact our tax obligations and consequential financial results.

E-Commerce and Supply Chain Evolution:

Our results may be affected by disruptive technologies and supply chain innovations. Technology continues to evolve at a rapid pace, which has the potential to impact everything, including how markets conduct transactions as well as how we manage our business. As the retail marketplace continues to evolve, digital technology is disrupting traditional operations. The impact on supply chain management is particularly great as businesses reinvent their supply chain strategies.

Risk Description & Trend

Disruptive technologies continue to change the structure of the North American economy due to the continuous growth of e-commerce. The use of web based and mobile technology is increasingly becoming the preferred method by consumers and retailers to both shop for and ship orders. As a result, supply chains have undergone enormous change with more frequent direct to consumer shipments replacing transportation from distribution centers to traditional retail stores. In addition, our organization is reliant on certain Information Technology ("IT") systems (see Information Technology and Cyber Security on page 58).

Trend: Containment measures implemented by governments caused an acceleration in

e-commerce sales. E-commerce sales in Canada that averaged 13.6 percent of total retail sales in 2022 and represented a \$109.3 billion industry as compared to \$72.4 billion in 2021. This resulted in greater demand for LTL transportation and home delivery options.

Potential Impact

E-commerce and omni-channel marketing requires a different distribution model than traditional retail or big-box store logistics. Generally, it is negatively affecting demand for truckload and long-haul transportation services, however, it is creating greater demand for warehousing as well as LTL and small package Final Mile™ deliveries.

The added complexity of e-commerce and the change in the supply chain presents an opportunity to expand our logistics revenue.

Mitigation

In consideration of this risk, we have expanded our LTL and warehousing network in western Canada as well as Ontario, Canada and continue to focus on supply chain efficiencies. Our ability to meet customer demands in respect of e-commerce and supply management will depend upon innovation and our ability to reasonably anticipate market trends and change management execution. We continue to focus on technology, invest in hybrid and electric courier vehicles and our logistics Haulistic™ mobility app, SilverExpress™ software and Moveitonline® marketplace.



Acquisitions:

Our company strategy includes pursuing selected and strategic acquisitions focused primarily on the segments of the economy where we have strong market penetration and customer relationships, however, we may not be able to execute or integrate future acquisitions successfully.

Risk Description & Trend

Historically, a key component of our growth strategy has been to pursue acquisitions of strategic and/or complementary businesses. We continually evaluate acquisition candidates and may acquire assets and businesses that we believe complement our existing businesses or enhance our service offerings.

The processes of evaluating acquisitions and performing due diligence procedures include risks. Further, we face competition from both peer group and non-peer group firms for acquisition opportunities. This external competition may hinder our ability to identify and/or consummate future acquisitions successfully. If the prices sought by sellers of these potential acquisitions were to rise or otherwise be deemed unacceptable, we may find fewer suitable acquisition opportunities.

Achieving the benefits of acquisitions will depend, in part, on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner. In addition, non-core assets may be periodically disposed of so that we can focus our efforts and resources more efficiently. Depending on the state of the market such non-core assets, if disposed of, could realize a price less than their carrying value resulting in a loss on disposal.

Trend: Opportunities for acquisitions continue. In 2022 we successfully acquired three new businesses for total cash consideration of \$25.6 million and share consideration of \$3.9 million as compared to six new businesses in 2021 for cash consideration of \$207.5 million and share consideration of \$14.7 million.

Potential Impact

Entities that are acquired may not increase our OIBDA or yield other anticipated benefits. The possible difficulties of integration include, among others:

- we may be unable to retain customers or key employees including drivers and Contractors;
- the business may not achieve anticipated revenue, earnings, or cash flows;
- we may be unable to integrate successfully and realize the anticipated economic, operational, and other benefits in a timely manner, which could result in substantial costs and delays;
- possible inconsistencies in or conflicts between standards, controls, procedures and policies among Mullen Group and the acquirees, and the need to implement standard company-wide financial, accounting, IT and other systems;
- we may have limited experience in the acquiree's market and may experience difficulties operating in its market;
- we may assume liabilities beyond our estimates or what was disclosed to us;
- the acquisition could disrupt our ongoing business, distract our management, and divert our resources; and
- we may incur indebtedness or issue additional Common Shares.

The risks involved in successful integration could be heightened if we were to complete

a large acquisition or multiple acquisitions within a short period of time.

If any one, or a combination, of the described possibilities results in our failure to execute our acquisition strategy successfully in the future, it could limit our ability to continue to grow in terms of revenue, OIBDA and cash flow. In addition, there is a risk of impairment of acquired goodwill and intangible assets. This risk of impairment to goodwill and intangible assets exists because the assumptions used in the initial valuation of these assets, such as interest rate or forecasted cash flows, may change when testing for impairment is required.

Mitigation

In consideration of the risk relating to identifying and realizing the benefits of acquisitions and disposals, we endeavour to create a balanced and diverse portfolio in our operating segments by using considerable experience and the financial modeling to assess potential targets for, among other things, potential synergies, financial returns, cultural fit and integration.

In addition, we manage our cash flows diligently and maintain our capital allocation disciplines to ensure that we maintain what we believe is a suitable level of liquidity and leverage.

There is no assurance that we will be successful in identifying, negotiating, consummating or integrating any future acquisitions. If the Corporation does not make any future acquisitions, our growth rate could be materially and adversely affected.



Competition:

We operate in highly competitive industries, and certain market segments have mature characteristics and face commoditization. Our business could suffer if we are unable to adequately address downward pricing pressures and other factors that could adversely affect our profitability.

Risk Description & Trend

Our various Business Units operate in highly competitive and fragmented industries with low barriers to entry, especially within the trucking industry. We compete with several large companies both in the transportation and energy services industries that may have greater financial and other resources. There can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of services that we compete for or that new competitors will not enter our various markets.

Trend: Early 2022 saw continued recovery in North American freight volumes as well as rates. Further, port congestion and labour shortages led to supply chain disruptions resulting in pricing opportunities for carriers such as Mullen Group. As we closed out 2022 we experienced a decline in freight demand related to the trend of shippers and retailers rightsizing inventory levels within their overstocked warehouses and stores.

Potential Impact

Numerous competitive factors could impair our ability to maintain or improve our

profitability. These factors include but are not limited to the following:

- Many of our competitors periodically reduce their rates to gain business, especially during times of reduced oilfield activity or economic recessions. This may make it difficult for us to maintain or increase rates, or may require us to reduce our rates, or lose business. Additionally, it may limit our ability to maintain or expand our business.
- Competition from logistics and brokerage companies may negatively impact our customer relationships and rates.
- Higher prices and higher fuel surcharges to our customers may cause some of our customers to consider alternatives, including deciding to transport more of their own product with their own assets or substituting trucking for rail transportation.
- Many customers periodically solicit bids from multiple providers for their transportation needs, which may

depress freight rates or result in a loss of business to competitors.

Mitigation

In consideration of this risk we endeavour to use technological change and innovation to remain competitive in our various businesses. Furthermore, the diversity of our Business Units and our decentralized business model may diminish the effect that new competitive forces might have on our organization. In addition, we believe that our Human Resources strategies enable us to retain and attract drivers or qualified Contractors thereby enabling us to service our clients through all business cycles.

In certain aspects of our business, we believe we have competitive advantages such as lower overhead costs and specialized regional strengths including a robust network of LTL terminals.

In addition, from time to time, we acquire competing, complementary or new business lines, which allows us to consolidate a market we serve, expand our geographic footprint or expand our service offerings thereby lessening the effects of competition.

FINANCIAL RISKS

Interest Rates:

Changes in interest rates may result in fluctuations in our future cash flows.

Risk Description & Trend

We are susceptible to fluctuations in interest rates. Our Credit Facilities are priced at variable rates. To the extent we utilize our Credit Facilities we incur the risk of interest rates rising. Our Private Placement Debt, the Debentures and our Various Financing Loans are issued at fixed rates. The majority of our long-term debt, specifically \$480.7 million, matures in 2024 and 2026.

Trend: At December 31, 2022, we had \$712.3 million (2021 – \$745.2 million) of borrowings at an average interest rate of 4.39 percent. In January 2022, the Bank of Canada provided guidance that the Bank expects that interest rates will need to increase in order to achieve the Bank of Canada's commitment to the 2.0 percent

inflation target. Over the course of 2022, this inflation target was exceeded and now sits at 6.3 percent.

Potential Impact

Borrowings issued at fixed rates, like our Private Placement Debt, expose Mullen Group to fair value interest rate risk. The majority of our borrowings are issued at fixed rates, specifically \$689.5 million of our \$712.3 million are at fixed rates. Therefore, we are exposed to fair value interest rate risk on these borrowings that mature at various tenures. More specifically, we are susceptible to the opportunity costs associated with interest rate decreases on our fixed borrowings. In the event that we refinance our borrowings, there can be no

guarantee we can borrow at our current average interest rate of 4.39 percent.

In the event that interest rates increase, the cost of borrowing under our Credit Facilities, to the extent that they are utilized, will increase. As an example, if fully drawn and interest rates increased by 1.0 percent on our \$250.0 million Credit Facilities, we would incur additional annual interest expenses of approximately \$2.5 million.

Mitigation

We do not hedge interest rates or have any interest rate swaps, but we have mitigated the negative risk of rising interest rates by financing most of our debt, specifically \$689.5 million, at fixed rates.



Foreign Exchange Rates:

Our consolidated financial statements are presented in Canadian dollars, however, a portion of our revenue is derived in U.S. dollars and a portion of our debt is denominated in U.S. currency.

Risk Description & Trend

Mullen Group has foreign exchange risk relating to the relative value of the Canadian dollar vis-à-vis the U.S. dollar. A stronger Canadian dollar is beneficial as it results in a foreign exchange gain on our U.S. dollar debt recognized on our consolidated income statement, as well as an equivalent reduction in the carrying value of such debt on the balance sheet. However, a stronger Canadian dollar also has the potential to reduce the level of Canadian exports thereby potentially negatively affecting the results of operations in the LTL and L&W segments. Conversely, a weakening Canadian dollar results in a foreign exchange loss and an equivalent increase in the carrying value related to the U.S. dollar debt. A weaker Canadian dollar has the potential to increase the level of Canadian exports and thereby potentially positively affect the results of operations in the LTL and L&W segments. In addition, many of our parts and equipment are built in the U.S. and priced in U.S. dollars. A decrease in the

relative value of the Canadian dollar vis-à-vis the U.S. dollar increases the costs of these parts and equipment.

Trend: Foreign exchange rates between the U.S. and Canadian dollar remain volatile. During 2022 the exchange rate fluctuated between \$0.7203 and \$0.7833 closing the year at \$0.7383 as compared to \$0.7888 at December 31, 2021.

Potential Impact

At the end of each reporting period we recognize foreign exchange gains or losses as they relate to financial contracts, assets and liabilities held in foreign currencies. This risk mainly arises from our U.S. \$229.0 million of Senior Guaranteed Unsecured Notes ("U.S. Notes"). Specifically, our U.S. Notes are comprised of Series G (U.S. \$117.0 million) and Series H (U.S. \$112.0 million) Notes that mature in 2024 and 2026, respectively.

At December 31, 2022, we also had U.S. dollar cash of \$9.6 million, U.S. dollar trade

receivables of \$22.1 million and U.S. dollar trade payables and accrued liabilities of \$16.3 million.

Mitigation

We have mitigated a significant portion of the foreign exchange risk by entering into the Cross-Currency Swaps to convert the principal portion of the Series G and Series H Notes into a Canadian currency equivalent of \$129.2 million and \$124.9 million, respectively.

We are also exposed to foreign exchange risk related to approximately U.S. \$8.9 million of annual interest payable on our U.S. Notes. This risk is partially offset by the fact that our business generates surplus U.S. funds in our operations, predominately within the L&W segment. This surplus U.S. dollar cash being generated acts as a natural hedge as it is used to repay our annual interest obligation on the U.S. Notes.

Investments:

Mullen Group invests in both private and public companies. The value of these investments fluctuate.

Risk Description & Trend

Mullen Group invests in both private and public companies. Fair values of public company investments are based on quoted prices in active markets. There is a risk that the value of an investment may fluctuate as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment, classes of investments or factors affecting all investments traded in the market. As such, there is a risk that a portion of the original investment may be lost.

Trend: In 2022 we recorded an increase in the fair value of investments of \$0.1 million as compared to an increase of \$1.2 million in 2021.

Potential Impact

Our investments in public companies are measured at fair value and have an initial cost of \$11.5 million. At December 31, 2022, the fair value of these investments was \$2.5 million.

We use the equity method to account for investments in private companies in which we have significant influence or joint control. At December 31, 2022, the carrying value of these investments totalled \$43.1 million and consisted of the investments in Canol Oilfield Services Inc., Kriska Transportation Group Limited, Butler Ridge Energy Services (2011) Ltd. and Thrive Management Group Ltd.

The timing of future dispositions and the realized share price are uncertain. There is no assurance that the Corporation will realize any benefits from its investment portfolio.

Mitigation

We accept a certain amount of risk and consider the underlying risk and possible market volatility of our investments. We strive to mitigate this risk by investing in areas that we have industry knowledge and expertise and we invest for the long-term. Risk capital is limited to a level that is deemed acceptable to Mullen Group.



Access to Financing:

We may find it necessary in the future to obtain additional debt or equity financing to support ongoing operations, to undertake capital expenditures or to fund acquisitions.

Risk Description & Trend

We may find it necessary in the future to obtain additional debt or equity financing to support ongoing operations, to undertake capital expenditures or to fund acquisitions. There can be no assurance that additional financing will be available when needed or on acceptable terms, which could limit our growth and could have a material adverse effect on our business, results of operations and financial condition. In addition, we have certain financial and other covenants under our Private Placement Debt that are customary for financings of this type including, but not limited to, a maximum leverage ratio and a minimum interest coverage ratio. A breach of a covenant and failure to obtain appropriate amendments to or waivers under the applicable financing arrangement may cause our borrowings under such facilities to be immediately declared due and payable.

Trend: At December 31, 2022, our debt covenant leverage ratio was 1.67:1 as compared to 2.52:1 in 2021.

Potential Impact

We may need to incur additional debt, or issue debt or equity securities in the future. We could face constraints on generating sufficient cash from operations, obtaining sufficient financing on favorable terms, or maintaining compliance with financial and other covenants in our financing agreements.

If any of these events occur, then we may face liquidity constraints and it may impair our future ability to secure financing on satisfactory terms, or at all. A liquidity constraint may impair Mullen Group's ability to continue as a going concern. Although we expect that we will be able to obtain additional financing when needed, in the amounts required and on acceptable terms there is no assurance that such would occur.

A decline in the broader credit or equity markets and additional volatility can also make it difficult for Mullen Group to access financing and may lead to an adverse impact on the profitability and operations of Mullen Group.

Mitigation

We manage our cash flows diligently to ensure that we maintain what we believe is a suitable level of liquidity and leverage. Our approach to managing liquidity is to ensure, to the extent possible, that we will always have sufficient liquidity to meet our liabilities when due, under both normal and stressed conditions. Consistent with others in the industry, we monitor capital on the basis of debt-to-equity. This ratio is calculated as total debt divided by shareholders' equity. Total debt is calculated as the total of: bank indebtedness, current portion of long-term debt, long-term debt, lease liabilities, the debt component of Debentures and various financing loans. Equity is comprised of share capital, convertible debentures – equity component, contributed surplus, accumulated other comprehensive income and retained earnings. The debt-to-equity ratio calculation at December 31, 2022, was 0.73:1 (2021 – 0.84:1).

Reliance on Major Customers:

There is an inherent risk that arises to all businesses when economic dependence on a major customer hinders a company's ability to maximize profit.

Risk Description & Trend

Although we do not have a significant customer concentration, the growth of our business could be materially impacted and our results of operations would be adversely affected if we lost all or a portion of the business of some of our large customers because they:

- chose to divert all or a portion of their business with us to one of our competitors;
- demand pricing concessions for our services;
- require us to provide enhanced services that increase our costs; or

- develop their own shipping and distribution capabilities.

Trend: In 2022 our top ten customers accounted for 10.0 percent of revenue (2021 – 12.5 percent), and the largest customer accounted for approximately 1.9 percent (2021 – 2.4 percent) of such revenue.

Potential Impact

The loss of one or more major customers, any significant decrease in services provided, decreases in rates charged, or any other changes to the terms of service with customers, could have a material adverse effect on our business, results of operations and financial condition. Furthermore, a concentration of revenue with a major customer, or a small group of

major customers, may lead to an enhanced ability of those customers to influence pricing and other contract terms, which may have a material adverse effect on our results.

Mitigation

We strive to mitigate this risk through a diversification strategy in an attempt to ensure that our organization does not become reliant on any single customer. Furthermore, we operate a decentralized business model whereby we utilize the expertise of management at each Business Unit to negotiate its own contracts that have pricing and terms that are competitive according to their specific market and/or geographic region.



Impairment of Goodwill or Intangible Assets:

Our total assets include goodwill and intangible assets. If we determine that these assets have become impaired in the future, our net income could be adversely affected.

Risk Description & Trend

There is also a risk of impairment of acquired goodwill and intangible assets. This risk of impairment of goodwill and intangible assets exists because the assumptions used in the initial valuation of these assets, such as the interest rate or forecasted cash flows, may change when testing for impairment is conducted either annually or upon a triggering event.

Trend: At December 31, 2022, our goodwill and intangible assets accounted for \$465.6 million, or 23.3 percent of our total assets as compared to \$457.9 million, or 23.8 percent of total assets in 2021.

Potential Impact

Our regular review of the carrying value of our goodwill and intangible assets has resulted, from time to time, in significant

impairments, and we may in the future be required to recognize additional impairment charges. Such did occur in 2007 when the Federal government implemented changes to the tax regime governing specified investment flow-through ("SIFT") entities such as Mullen Group's predecessor Mullen Group Income Fund. In addition, the Alberta Government announced changes to the oil and gas royalty regime in Alberta that impacted many of our customers.

Changes in government regulations, or economic or market conditions have resulted and may result in further substantial impairments of our goodwill or intangible assets. In 2018 Mullen Group recognized a \$100.0 million goodwill impairment charge. As at December 31, 2022, we had goodwill of \$366.0 million and intangible assets of \$99.6 million. Our impairment testing in

2022 produced no indication of impairment. The results of our impairment evaluations, assumptions and sensitivities can be found on page 62.

Mitigation

We strive to mitigate this risk through a disciplined acquisition strategy in an attempt to ensure that our organization does not overpay for entities resulting in overvalued goodwill balances. In addition, we use professional skepticism and advisors to value goodwill and intangible assets values upon acquisition, thereby mitigating the risk of misvaluation of goodwill or intangible assets upon initial recognition.

Credit Risk:

Credit risk is the risk of financial loss to Mullen Group if a customer or counterparty to a financial asset fails to meet its contractual obligations. This risk arises predominately from our trade receivables generated from our customers.

Risk Description & Trend

A significant portion of our accounts receivable are with customers involved in our S&I segment, whose revenues may be impacted by fluctuations in commodity prices thereby potentially impacting their ability to meet contractual obligations. Although collection of these receivables could be influenced by this and other economic factors affecting the industries we serve, management considers the risk of a significant loss to be remote at this time.

Trend: At December 31, 2022, accounts receivable were \$284.9 million comprised of \$92.9 million within our LTL segment, \$83.6 million within our L&W segment, \$85.4 million within our S&I segment, \$21.0 million within our US 3PL segment, and \$2.0 million within the Corporate Office.

Potential Impact

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer. Economic conditions and capital markets may adversely affect our customers and their ability to remain solvent. We transport a wide variety of freight for a broad customer base that spans numerous industries. The financial failure of a customer may impair our ability to collect on all or a portion of the accounts receivable balance. In addition, we have counter-party risk with our Derivatives and other financial assets.

Mitigation

Credit risk related to trade and other receivables is initially managed by each Business Unit. Each Business Unit is responsible for reviewing the credit risk for each of their customers before standard payment and delivery terms and conditions

are offered. The Business Units' review consists of external ratings, when available, and in some cases bank and trade references. Our Corporate Office has established a credit policy under which new customers are analyzed for creditworthiness before credit is extended. Corporate Office monitors its trade and other receivables aging on an ongoing basis and communicates concerns to all of our Business Units as part of its process in managing its credit risk. We also manage credit risk related to trade and other receivables on a consolidated basis whereby the aggregate exposure to individual customers is reviewed and their credit quality is assessed. We also attend industry forums to assess credit worthiness of customers related predominately to the oil and gas industry. No individual customer accounted for more than ten percent of Mullen Group's consolidated revenue for the fiscal years ended 2022 and 2021.



OPERATIONAL RISKS

Senior Management and Employees:

We depend on our senior management and employees to support our business operations and future growth opportunities. If our relationship with our employees deteriorates, if the health of our employees is impacted (e.g. COVID-19), or if we have difficulty attracting and retaining employees, we could be faced with labour inefficiencies, disruptions, work stoppages, or delayed growth, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Risk Description & Trend

The success of Mullen Group is dependent upon attracting and retaining key personnel. Any loss of the services of such persons could have a material adverse effect on our business, results of operations and financial condition. We anticipate that our ability to expand services will be dependent upon attracting additional qualified employees, which is constrained in times of strong industry activity and with the retirement of the older generations. Further, a pandemic such as COVID-19 can impact the health of our employees further impacting the availability of qualified employees.

Further, our senior management team and key employees are an important part of our business and success. A loss of senior management or key employees may result in loss of knowledge or relationships with key customers, which could have a material adverse effect on our business, results of operations and financial condition.

Trend:

At December 31, 2022, we employed approximately 7,100 employees, owner

operators and dedicated subcontractors as compared to approximately 7,000 in 2021.

Potential Impact

The failure to attract and retain a sufficient number of qualified personnel could have a material adverse effect on our profitability. The largest components of our overall expenses are salaries, wages, benefits and costs of Contractors. Any significant increase in these expenses could impact our financial performance. In addition, we are at risk if there are any labour disruptions. Some of our Business Units are subject to collective agreements with their employees. Any work stoppages, or unbudgeted or unexpected increases in compensation could have a material adverse effect on our profitability and reduce cash flow from operating activities.

Further, we benefit from and depend on the leadership, experience and continued services of our senior management team and other key employees to successfully implement our business strategy. The unexpected loss of key employees or inability to execute our succession planning

strategies could have an adverse effect on our business, results of operations, and financial condition.

Mitigation

In order to reasonably mitigate this risk, we aim to be an employer of choice by offering competitive wages and incentive-based pay, establishing superior safety programs and fostering a strong reputation as an ethical company. In addition, the Board reviews its succession plans for the senior executive team on an annual basis. These endeavours are designed to attract the best people at every level of our business, establish them in their roles, manage their development and identify successor candidates for senior roles. In addition to providing specific job-related and safety training, we encourage all of our employees to continue their education, training and skills upgrading and provide employees with the resources required to achieve and maintain our operational excellence including our free business management certificate program.

Cost Escalation and Fuel Costs:

Our ability to control our costs is critical to servicing customers at attractive rates and remaining profitable.

Risk Description & Trend

In 2022 the wholesale rack price of diesel fuel in Canada varied from a low of \$0.95 per litre to \$1.79 per litre and exited the year at \$1.47 per litre. Cost escalations due to rising labour and other costs, the effect of inflation, the price of fuel, equipment and other input costs, insurance costs, interest rates, fluctuations in customers' business cycles, supply chain disruptions and national and regional economic conditions are factors over which we have little or no control. Of these costs, fuel represents a significant operating expense for us. Fuel prices fluctuate greatly due to factors beyond our control, such as global supply and demand for crude oil, political events, war, price and supply decisions by oil producing countries and cartels, terrorist activities, the depreciation of the Canadian dollar relative to other currencies, hurricanes and other natural disasters as well as fuel and carbon taxes.

These events may result in fuel shortages and disruptions in the fuel supply chain, in

addition to increased fuel costs. Such shortages and supply disruptions could have material adverse effects on Mullen Group and its Business Units as a result of lost revenue or increased operational costs.

Trend: The average wholesale rack price of diesel fuel in Canada for 2022 was \$1.40 per litre as compared to \$0.8130 per litre in 2021.

Potential Impact

GHG regulations are likely to continue to impact the design and cost of equipment utilized in our operations as well as fuel costs. Rising inflation and significant increases in fuel prices, labour costs, equipment prices, other input prices, interest rates or insurance costs, to the extent not offset by increases in rates or fuel surcharges, would reduce profitability and could adversely affect our ability to carry out our strategic plans. We cannot predict the impact of future economic conditions and there is no assurance that our operations will continue to be profitable.

Mitigation

To reasonably mitigate the risk of potential for cost escalation, we focus on operational excellence, rate increases, synergies between our Business Units and cost control. We rely on, among other things, long-term planning, budgeting processes, and internal benchmarking to achieve our profitability targets. Additionally, we mitigate the risk of inflation by owning a large network of terminals. We also mitigate our exposure to rising fuel costs through the implementation of various fuel surcharge programs, which pass the majority of cost increases to our customers and have implemented policies that focus on fuel efficiency, including fuel economy, asset utilization and minimizing dead-head mileage, proper repairs and maintenance of equipment, idling and speed policies.



Potential Operating Risks and Insurance:

Our success is dependent on our ability to manage operational risks. The transportation and other various service sectors that we operate in are subject to inherent risks. Failure to manage these operational risks may have a material adverse effect on our business, results of operations, financial condition, and cash flows.

Risk Description & Trend

Our transportation operations are subject to risks inherent in the transportation industry, including potential liability that could result from, among other things, personal injury or property damage arising from motor vehicle accidents. Our S&I segment is subject to risks inherent in the oil and gas industry, such as equipment defects, malfunction, failures and natural disasters. These risks could expose Mullen Group to substantial liability for personal injury, loss of life, business interruption, property damage or destruction, pollution and other environmental damages.

Trend: Our 2022 total recordable injury frequency rate, a leading indicator of operational excellence, was 2.93 as compared to 3.03 in 2021.

Potential Impact

Claims may be asserted against us related to accidents, cargo loss or damage, property

damage, personal injury, employment and environmental or other issues occurring in our operations. Although we have obtained insurance coverage against certain of the risks to which we are exposed, such insurance is subject to deductibles and coverage limits and no assurance can be given that such insurance will be adequate to cover our liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the frequency and/or severity of claims increase, our operating results could be adversely affected. If we were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if we were to incur such liability at a time when we are not able to obtain liability insurance, our business, results of operations and financial condition may be materially adversely affected.

Additionally, we have three Business Units that self-insure for physical damage to equipment. The total for self-insured

physical damage as at December 31, 2022, as a percentage of revenue was 0.16 percent.

Mitigation

We have insurance and risk management programs in place to protect our assets, operations and employees and also have programs in place to address compliance with current safety and regulatory standards so as to reasonably mitigate against the risks to which we are exposed. Each Business Unit has a health and safety coordinator responsible for maintaining and developing policies and monitoring operations vis-à-vis those policies. The health and safety coordinators are required to report incidents directly to the Corporate Office in a timely manner. Internal and external audits are conducted on a regular basis to ensure the proper functioning of the Health, Safety and Environment program and the reporting systems.

Information Technology and Cyber Security:

We are dependent on computer and communications systems; and a systems failure or data breach could cause a significant disruption to our business.

Risk Description

We believe that a well-functioning and efficient IT system is a prerequisite to growth, operational excellence and superior customer service, aids day-to-day operational management and provides accurate financial information. Our business involves high transaction volumes, complex logistics, the tracking of thousands of orders, the geopositioning of trucks and trailers as well as the communication with drivers and field personnel in real time. We are therefore heavily dependent on certain software, communication systems and network infrastructure. A serious prolonged failure in this area may materially affect our business.

Potential Impact

Our IT systems may be susceptible to damage, disruptions or shutdowns due to: hardware failures, power outages, fire, natural disasters, telecommunications failure, internet failures, computer viruses, data breaches or attacks by computer hackers or malicious actors (including

ransomware attacks), user errors or catastrophic events. Such failures or unauthorized access could disrupt our business and could result in the loss of confidential information, intellectual property, litigation, remediation costs, damage to our reputation and negatively impact our ability to service our customers. Any such loss, unauthorized access, disclosure of confidential information or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties. In addition, the cost and operational consequences of reinstituting our IT systems capabilities or implementing further data or system protection measures could be significant.

Mitigation

Each of our Business Units run separate instances of our Enterprise Resource Planning ("ERP") software package that supports our business processes. As part of our entity wide IT risk mitigation policy, we regularly engage third-party vendors to

complete security assessments of our IT systems, consisting of external and internal penetration tests. At both the corporate level and within the individual Business Units, IT systems are subject to stringent guidelines, standardization, vigorous virus and access protection, back-up systems and replicated data. We employ project management techniques to manage new software developments and/or system implementations. We have a disaster recovery plan in place that is evaluated regularly and portions thereof are tested on a regular basis. Hosted by a reputable third-party, our primary data and back-up data centres have high levels of durability and redundancy built into them. Our back-up data centre allows our organization to continue processing data in the event of a major incident involving our primary data centre.

In addition, we have purchased cyber insurance coverage to assist with mitigating the unlikely risk that an outside threat gains access to our IT systems.



Business Continuity, Disaster Recovery and Crisis Management:

In the event of a serious incident, the inability to restore or replace critical capacity in a timely manner may impact our business and operations.

Risk Description

Our operations are widespread and geographically diverse. Severe weather conditions and other natural or manmade disasters, including storms, floods, fires, epidemics or pandemics, conflicts or unrest, terrorist attacks, war, freedom convoys or other events affecting one of our major facilities, the movement of goods or areas of operations could result in a significant interruption in or disruption of our business.

Potential Impact

A serious event could result in decreased revenue, as our ability to service our customers may be impeded. These events may also result in increased costs to operate our business, as a result of equipment repairs or increased rates of accidents, claims and other factors, which could have an adverse effect on our results of operations. In addition, a serious event may reduce our customers' needs for our services. All of which may have a material

impact on Mullen Group's operational and financial performance.

Mitigation

This risk is mitigated by the development of business continuity arrangements, including disaster recovery plans and back-up delivery systems, to minimize the significance of any business disruption in the event of a major disaster. Insurance coverage may minimize losses in certain circumstances.

Environmental Liability Risks:

Our operations are subject to various environmental laws and regulations, the violation of which could result in substantial fines or penalties. The costs of compliance with existing or future environmental laws and regulations may be significant and could adversely impact our business, results of operations, financial condition, and cash flows.

Risk Description

The risk of incurring environmental liabilities is inherent in oilfield service and transportation operations. Activities associated with such operations and the ownership, management or control of real estate pose an environmental risk. Some of our Business Units will routinely deal with natural gas, oil and other petroleum products. Our operations are subject to numerous laws, regulations and guidelines governing the management, handling, transportation and disposal of non-regulated and regulated substances and otherwise relating to the protection of the environment. These laws, regulations and guidelines include those relating to the remediation of spills, releases, emissions and discharges of regulated substances into the environment and those requiring removal or remediation of pollutants or contaminants.

Our customers are subject to various laws, regulations, and guidelines that prescribe, among other things, limits on emissions into the air and discharges into surface and sub-surface waters. While regulatory developments that may follow in subsequent years could have the effect of reducing industry activity, we cannot predict the nature of the restrictions that may be imposed.

Potential Impact

Failure to comply with an environmental law or regulation without regard to Mullen Group's knowledge of this failure, may impose civil and criminal penalties. Certain of our Business Units carry significant volumes of dangerous goods. This involves specific insurance requirements, training

programs and appropriate permits with the various provinces and states in which our Business Units operate.

We may be required to increase operating expenses or capital expenditures in order to comply with any new restrictions or regulations.

We operate out of numerous owned and leased facilities throughout Canada where storage tanks may be used or may have been used at some prior date. Canadian laws generally impose potential liability on the present or former owners or occupants of properties on which contamination has occurred. As at the date hereof, we are not aware of any contamination which, if remediation or clean-up were required, could have a material adverse effect on Mullen Group. Certain facilities have been in operation for many years and, over such time, Mullen Group or the prior owners, operators or custodians of the properties may have generated and disposed of substances which are or may be considered hazardous.

Mitigation

There can be no assurance that we will not be required at some future date to comply with new environmental laws, or that our operations, business or assets will not otherwise be further affected by current or future environmental laws. While we maintain liability insurance, including insurance for certain environmental incidents, the insurance is subject to coverage limits and certain of our policies exclude coverage for damages resulting from environmental contamination. There can be no assurance that insurance will

continue to be available to us on commercially reasonable terms, that the types of liabilities that we may incur will be covered by our insurance, or that the dollar amount of such liabilities will not exceed our policy limits.

In regards to the transportation of dangerous goods, we ensure that strict guidelines are met before a Business Unit and the individual drivers are permitted to manage, handle or transport such dangerous goods.

We have programs to address compliance with current environmental standards and monitor our practices concerning the handling of environmentally hazardous materials. We endorse a formalized quality program and strive to be the best in class in areas of safety and environmental excellence. We believe in a balanced approach to sustainable development and are committed to best in class environmental management systems. In addition, we work with government, industry groups and the public to improve and develop environmental standards and further our understanding of environmental issues. We also promote the participation and certification of our Business Units in the SmartWay Certification Program, a Government of Canada program designed to reduce GHG.

Due diligence procedures in the context of potential acquisitions and appropriate terms in purchase and sale agreements related to acquisitions also assist with reasonably mitigating the risk of environmental liabilities.



Weather and Seasonality:

Our operations could be impacted by seasonal fluctuations or harsh weather conditions.

Risk Description & Trend

Harsh weather conditions can impede the movement of goods and increase operating costs.

Revenue and profitability within our LTL and our L&W segments are generally lower in the first quarter than during the remainder of the year as freight volumes are typically lower following the holiday season due to less consumer demand and customers reducing shipments.

The level of activity in the Canadian oilfield service industry is influenced by seasonal weather patterns. Typically activity levels are reduced in the spring when wet weather and the spring thaw make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of heavy equipment.

Additionally, certain oil and gas producing areas are only accessible in the winter months because the ground surrounding the drilling sites in these areas consists of swampy terrain.

Trend: In 2022, revenue, excluding the effect of acquisitions, was 18.7 percent of total annual revenue in the first quarter, 23.1 percent in the second quarter, 29.6 percent in the third quarter and 28.6 percent in the fourth quarter.

Potential Impact

An unexpected or harsh weather event could result in decreased revenue, as our ability to service our customer is impeded or we may incur increased costs to operate our business, which could have an adverse effect on our results of operations.

Seasonal factors typically lead to declines in activity levels. In the LTL and the L&W segments, operating expenses tend to increase in the winter months due to decreased fuel efficiency and increased repairs and maintenance expense resulting from cold weather conditions at a time when demand is seasonally lower.

In the S&I segment, a significant portion of our operations relates to the moving of heavy equipment, drilling rigs and drilling supplies in northern and western Canada.

Activity levels, revenue and earnings are influenced by the seasonal activity pattern of western Canada's oil and gas exploration industry whereby activity peaks in the winter months and declines during the spring.

Mitigation

We mitigate some of this risk by charging standby fees or by positioning equipment in strategic locations in order to take advantage of good weather conditions when they occur. We also manage some of this risk by diversifying our operations and by using subcontractors and owner operators, which requires no investment by Mullen Group, to handle seasonal peaks.

Our growth through acquisition, in the last number of years, into businesses not directly tied to oil and gas drilling activity has lessened the seasonal nature of our overall performance.

Access to Parts, Development of New Technology and Relationships with Key Suppliers:

We depend on suppliers for fuel, equipment, parts, and services that are critical to our operations. A disruption in the availability of or a significant increase in the cost to obtain these supplies could adversely impact our business and results of operations.

Risk Description & Trend

Our ability to compete and expand is most directly tied to our having access at a reasonable cost to equipment, parts and components, which are at least technologically equivalent to those utilized by competitors, and to the development and acquisition of new and competitive technologies.

Trend: In 2022, we saw supply chain disruptions impacting the availability of parts and materials which has led to longer lead times for the delivery of rolling stock.

Potential Impact

Although we have individual distribution agreements with various key suppliers, there can be no assurance that those sources of equipment, parts, components or relationships with key suppliers will be maintained. If these are not maintained, our ability to compete may be impaired by virtue of diminished availability and/or increased cost of securing certain equipment and parts. We have access to certain distributors and secure discounts on parts and components that would not be available if it were not for our relationships with certain key suppliers. Should the relationships with key suppliers cease the availability and cost

of securing certain equipment and parts may be adversely affected.

Mitigation

In consideration of this risk we assess our suppliers and endeavour to ensure that our suppliers are financially viable or that suitable alternatives exist if relationships with current suppliers were to become compromised. In addition, we also retain what we consider an appropriate level of inventory of critical parts and supplies.



Regulation:

Various federal, provincial and state agencies exercise broad regulatory powers over the transportation industry, generally governing our activities.

Risk Description

Notwithstanding that the transportation industry is largely deregulated in terms of entry into the industry, each carrier must obtain a license from, or register with, provincial regulatory authorities in order to carry goods extra-provincially or to transport goods within any province. Our operations are subject to a variety of Regulations relating to, among other things: safety, equipment weight, equipment dimensions, driver hours-of-service, the transportation of hazardous materials and climate related disclosure. Licensing is also required from regulatory authorities in the United States for the transportation of goods between Canada and the United States. In addition, our operations are subject to hours of

service regulations and electronic logging and, in certain cases, random drug testing.

Potential Impact

Changes in regulations applicable to Mullen Group could directly or indirectly increase operating costs and have a material adverse effect on our business, results of operations and financial condition. The right to continue to hold applicable licenses and permits is generally subject to maintaining satisfactory compliance with regulatory and safety guidelines, policies and regulations. Although we are committed to compliance and safety through our operational excellence initiatives, there is no assurance that we will be in full compliance at all times with such policies, guidelines and regulations. Consequently, at some future

time, we could be required to incur significant costs to maintain or improve our compliance record.

Mitigation

In consideration of this risk we monitor regulatory frameworks with a particular focus on hours of service, over-dimensional freight and transportation of fluids and work, in conjunction with industry associations, to advocate our need to regulators and ensure that equipment meets regulations and that sufficient capital is invested to meet current and anticipated regulatory requirements.

Litigation:

From time to time, Mullen Group or its Business Units may be the subject of litigation, claims, administrative proceedings and regulatory actions ("Claims") arising out of its operations or business in general.

Risk Description

Our business is subject to the risk of litigation by employees, customers, vendors, government agencies, shareholders and other parties. Various types of Claims may be made against Mullen Group or its Business Units including but not limited to those pertaining to negligence, breach of contract, environmental, tax, patent infringement, employment matters and safety incidents.

Potential Impact

The outcome of litigation is difficult to assess or quantify, and the magnitude of potential

loss relating to such Claims made against Mullen Group or its Business Units may be material or may be indeterminate. The outcome of any such Claims cannot be predicted with certainty and may impact our business, financial condition, results of operations or cash flows. Further, unfavourable outcomes of settlements of Claims could encourage the commencement of additional Claims. We may also be subject to negative publicity with respect to such Claims regardless of fault. We may also be required to incur significant expenses and devote significant resources in defence of any such Claims.

Mitigation

In consideration of this risk we have insurance and risk management programs in place. For Claims that do not fall under such programs, we endorse a formalized quality program and strive to be the best in class in respect of operational excellence so as to reasonably mitigate this risk. When required we retain expert legal counsel to defend Mullen Group or its Business Units so as to reasonably mitigate the risk of an unfavourable outcome of a claim.



CRITICAL ACCOUNTING ESTIMATES

This MD&A summarizes Mullen Group's financial condition and results of operations, which are based upon our Annual Financial Statements that have been prepared in accordance with IFRS. The Annual Financial Statements require management to select significant accounting policies, which are contained within the notes to such statements. These significant accounting policies involve critical accounting estimates regarding matters that are inherently uncertain and require management to make estimates, complex judgements and assumptions. These estimates, complex judgements and assumptions are based on the circumstances that exist at the reporting date and may affect the reported amounts of income and expenses during the reporting periods and the carrying amounts of assets, liabilities, accruals, provisions, contingent liabilities, other financial obligations, as well as the determination of fair values. The following describes critical accounting estimates we used in preparing the Annual Financial Statements and are an important part in understanding such statements:

Impairment tests

We assess, at the end of each reporting period, whether there is an indication that an asset group may be impaired. We have three significant asset groups that are reviewed for impairment. First, goodwill is reviewed for impairment annually, or more frequently if there are indications that impairment may have occurred. The second and third asset groups consist of intangible assets and long-lived assets. Intangible assets are normally acquired on acquisitions and are mainly comprised of customer relationship values and non-competition agreements, which are amortized over their estimated life from the date of acquisition. Long-lived assets include property, plant and equipment and other assets. These asset groups are tested for impairment when events or changes in circumstances indicate that their carrying amount may not be recoverable. If any indication of impairment exists we estimate the recoverable amount of the asset group. External triggering events include, for example, changes in customer or industry dynamics, drilling and other technologies and economic declines, including the decline in the value of our Common Share price. Internal triggering events for impairment include lower profitability or planned restructuring.

The impairment tests compare the carrying amount of the asset of the cash generating unit ("CGU") to its recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal ("FVLCD") and the determination of value in use ("VIU"). The determination of VIU requires the estimation and discounting of cash flows, which involve key assumptions that consider all information available on the respective testing date. Management uses its judgement, considering past and actual performance as well as expected developments in the respective markets and in the overall macro-economic environment and economic trends to model and discount future cash flows.

Impairment of Goodwill

In general terms, goodwill represents the excess of the purchase price of a business combination over the net amount of identifiable assets acquired less the liabilities assumed. At December 31, 2022 and 2021 we performed our annual impairment test for goodwill and concluded that there was no impairment of goodwill in any of our CGUs.

The recoverable amount was determined using a discounted cash flow approach for all CGUs. The discounted cash flow model employed by the Corporation reflects the specifics of each CGU and its business environment. The model calculates the present value of the estimated future earnings of each CGU.

Estimating future earnings requires judgement, considering past and actual performance as well as expected developments in the respective markets and in the overall macro-economic environment. The calculation of the recoverable amount using the discounted cash flow approach was based on the following key assumptions:

	Discount rate		Terminal value growth rate	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Cash Generating Unit				
Gardewine Group Limited Partnership	11.0%	10.5%	2.0%	2.0%
Kleysen Group Ltd.	11.0%	10.5%	2.5%	2.5%
HAUListic LLC	10.5%	10.0%	2.5%	2.5%
APPS Cartage Inc.	11.5%	11.0%	2.5%	2.5%
Hi-Way 9 Express Ltd.	11.5%	11.0%	2.5%	2.5%
Heavy Crude Hauling L.P.	12.5%	12.0%	2.0%	2.0%
Tenold Transportation Ltd.	11.5%	11.0%	2.5%	2.5%
APPS Cargo Terminals Inc.	11.5%	11.0%	2.5%	2.5%
E-Can Oilfield Services L.P.	12.5%	12.0%	2.0%	2.0%
Canadian Dewatering L.P.	12.5%	12.0%	2.5%	2.5%
Others	11.5% – 12.5%	11.0% – 12.0%	2.0% – 2.5%	2.0% – 2.5%



- (i) Cash flows were projected based on past experience, actual operating results and the one year business plan for the immediate year. Cash flows for a further four year period were extrapolated using constant revenue growth rates of between 2.0 to 2.5 percent with adjustments reflecting an expectation of changes in the general economy, forecasted changes in drilling activity and the Business Unit's respective markets, and represents the Corporation's best estimate of the set of economic conditions that are expected to exist over the forecast period.
- (ii) The terminal value growth rate is based on management's best estimate of the long-term growth rate for its CGUs after the forecast period, considering historic performance and future economic forecasts.
- (iii) Each CGU's discount rate reflects their individual size, risk profile and circumstance and is based on past experience and industry average weighted average cost of capital.

The Corporation believes that the following changes in the key assumptions would result in a recoverable amount equal to the carrying value of the CGU, with any additional change in the assumptions causing goodwill to become impaired.

	Change in discount rate		Change in terminal value growth rate	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Cash Generating Unit				
Gardewine Group Limited Partnership	6.7%	4.0%	(11.5)%	(6.0)%
Kleysen Group Ltd.	7.2%	7.3%	(12.9)%	(13.1)%
HAUListic LLC	20.0%+	19.0%	(20.0)%+	(20.0)%+
APPS Cartage Inc.	7.6%	6.7%	(13.7)%	(11.2)%
Hi-Way 9 Express Ltd.	20.0%+	9.7%	(20.0)%+	(18.5)%
Heavy Crude Hauling L.P.	7.5%	1.7%	(14.4)%	(2.4)%
Tenold Transportation Ltd.	20.0%+	6.7%	(20.0)%+	(11.7)%
APPS Cargo Terminals Inc.	20.0%+	20.0%+	(20.0)%+	(20.0)%+
E-Can Oilfield Services L.P.	1.8%	4.2%	(2.7)%	(6.7)%
Canadian Dewatering L.P.	8.2%	6.3%	(15.7)%	(10.8)%

Intangible assets

Intangible assets are mainly comprised of customer relationships and non-competition agreements. The fair value of these assets are calculated when an intangible asset or a business is acquired and then amortized on a straight-line basis over their estimated life. At December 31, 2022, intangible assets totalled \$99.6 million (2021 – \$99.2 million).

Acquisitions

The acquired assets, assumed liabilities (other than deferred taxes) and contingent consideration are recognized at fair value on the date we effectively obtain control. The measurement of business combinations is based on the information available on the acquisition date. The determination of fair value of the acquired intangible assets (including goodwill), property, plant and equipment and other assets and the liabilities assumed at the date of acquisition, as well as the useful lives of the acquired intangible assets and property, plant and equipment, is based on assumptions. The measurement is largely based on projected cash flows and market conditions at the date of acquisition. Contingent consideration is based on the likelihood of various outcomes of specified future events.

Property, plant and equipment and intangible assets

Property, plant and equipment are initially recognized at cost and include all expenditures directly attributable to bringing the asset to its intended use. The method and rates used in calculating depreciation of property, plant and equipment is an estimate. We calculate depreciation of property, plant and equipment using the declining balance method for the majority of our assets. No other changes were made to the methods or rates we used to estimate depreciation expense on property, plant and equipment during the past two years. Property, plant and equipment are mainly comprised of trucks and trailers, land and buildings. The net book value of property, plant and equipment at December 31, 2022, was \$981.6 million (2021 – \$986.0 million).



We believe the methods and rates of depreciation reasonably reflect the annual decline in the value of property, plant and equipment. These methods and rates used are validated by the fact that net gains or losses on sale of property, plant and equipment over the last ten years have been minimal, which indicates that the net book value of assets approximates fair market value over an extended period of time. At December 31, 2022, the LTL segment had a carrying value of property, plant, and equipment of \$169.5 million (2021 – \$159.3 million), the L&W segment had a carrying value of \$135.7 million (2021 – \$132.4 million), the S&I segment had a carrying value of \$177.5 million (2021 – \$203.5 million) and the US 3PL segment had a carrying value of \$1.0 million (2021 – \$2.9 million). The carrying value of property, plant and equipment within the Corporate Office was \$497.9 million at December 31, 2022 (2021 – \$487.9 million).

Intangible assets are amortized on a straight line basis over a period of five to ten years. Mullen Group determines the length of the amortization period at the date of acquisition. The method used in determining the amortization period is based upon the anticipated present value of future cash flows generated from customer relationships purchased on acquisitions. At December 31, 2022, the LTL segment had a carrying value of intangible assets of \$55.3 million (2021 – \$57.8 million), the L&W segment had a carrying value of \$20.2 million (2021 – \$22.9 million), the S&I segment had a carrying value of \$8.5 million (2021 – \$2.2 million) and the US 3PL segment had a carrying value of \$15.6 million (2021 – \$16.3 million).

Derivative Financial Instruments

We utilize Derivatives such as cross-currency swaps to manage our exposure to foreign currency risks relating to our U.S. dollar debt. The fair value of Derivatives fluctuate depending on the estimate of certain underlying financial measures. The estimated fair value of Derivatives are based on observable market data, including foreign currency curves, interest rates and credit spreads.

Trade and other receivables

Impairment of trade and other receivables is constantly monitored. Evidence of impairment could, for example, occur when the financial difficulties of a debtor become known or payment delays occur. Impairments are based on historical values, observed customer solvency, the aging of trade and other receivables and customer-specific and industry risks. In addition, we review external credit ratings as well as bank and trade references when available. At December 31, 2022, we recognized a reserve for bad debts of \$10.3 million (2021 – \$5.8 million) against total gross trade and other receivables of \$295.2 million (2021 – \$254.7 million).

Income Taxes

Mullen Group's deferred income tax assets and liabilities are determined based on "temporary differences" (differences between the accounting basis and the tax basis of the assets and liabilities), and are measured using the currently enacted, or substantively enacted, tax rates and laws expected to apply when these differences reverse. We operate in several provincial jurisdictions and are subject to various rates of taxation. The actual amount of tax ultimately paid in these jurisdictions may differ from the estimated amount.

SIGNIFICANT ACCOUNTING POLICIES

New Standards and Interpretations Not Yet Adopted

Mullen Group has reviewed new and revised standards and interpretations that have been approved by the IASB. The following outlines new amendments to accounting standards as issued by the IASB that are applicable to, or may have a future impact on Mullen Group.

IAS 12 – Income Taxes

Effective for annual periods beginning on or after January 1, 2023, IAS 12 – Income Taxes has been amended to separately recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

IAS 1 – Presentation of Financial Statements

Effective for annual periods beginning on or after January 1, 2024, IAS 1 – Presentation of Financial Statements has been amended to clarify how to classify debt and other liabilities as either current or non-current.

The Corporation has assessed the impact of these amendments on future periods and does not expect a material impact on the consolidated financial statements at the adoption date.

Changes in Accounting Policies

There have been no changes to our accounting policies in 2022.



DISCLOSURE AND INTERNAL CONTROLS

Disclosure Controls and Internal Controls over Financial Reporting

As at December 31, 2022, an evaluation of the effectiveness of our disclosure controls and procedures as defined under the rules adopted by the Canadian securities regulatory authorities was carried out under the supervision and with the participation of management, including the Senior Executive Officer ("SEO"), acting in the capacity of the Chief Executive Officer and the Senior Accounting Officer ("SAO"), acting in the capacity of the Chief Financial Officer. Based on this evaluation, the SEO and the SAO concluded that, as at December 31, 2022, the design and operation of Mullen Group's disclosure controls and procedures were effective.

Internal control over financial reporting is a process designed by or under the supervision of management and effected by the Board, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes in accordance with IFRS. Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting, no matter how well designed, has inherent limitations and can provide only reasonable assurance with respect to the preparation and fair presentation of published financial statements. Under the supervision and with the participation of the SEO and SAO, management conducted an evaluation of the effectiveness of its internal control over financial reporting as at December 31, 2022.

Based on this evaluation, the SEO and the SAO concluded that internal control over financial reporting was effective as at December 31, 2022, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes. We utilize the Internal Control – Integrated Framework (2013) as issued by the Committee of Sponsoring Organizations of the Treadway Commission. As at December 31, 2022, there was no change in our design of internal control over financial reporting that materially affected or is reasonably likely to materially affect our internal control over financial reporting.

FORWARD-LOOKING INFORMATION STATEMENTS

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

- Mullen Group's intention to pay annual dividends of \$0.72 per Common Share (\$0.06 per Common Share on a monthly basis) for 2023, as referred to in Objective – Maximize Shareholder Value within the Mullen Group At A Glance section beginning on page 5. This forward-looking statement is based on the assumption that we will generate sufficient cash in excess of our financial obligations to support the dividend.
- Mullen Group's 2023 plan; to acquire companies and strive to improve their performance; to request approval from the TSX in March 2023 to renew the NCIB; to set the 2023 annual dividend at \$0.72 per Common Share (\$0.06 per Common Share on a monthly basis); and to invest \$85.0 million in capital expenditures in 2023 with \$70.0 million allocated towards maintenance capital primarily to invest in trucks, trailers, specialized equipment and technology to improve the operations of the Business Units and \$15.0 million allocated to our sustainability initiatives, as referred to in the Allocating Shareholder Capital section beginning on page 11. These forward-looking statements are based on the assumption that we will generate sufficient cash in excess of our financial obligations to support our 2023 plan.
- Mullen Group's comment that we have the balance sheet and liquidity to pursue additional growth opportunities and that we expect to be more active on the acquisition front than last year, as referred to in the Outlook within the 2022 Consolidated Financial Results section beginning on page 16. This forward-looking statement is based on the assumption that we will be successful in identifying, negotiating and transacting on acquisitions that meet our strategic financial and operational objectives.
- Mullen Group's comment that we do not expect 2023 to be as good as last year, as referred to in the Outlook within the 2022 Consolidated Financial Results section beginning on page 16. This forward-looking statement is based on the assumption that changing market conditions, higher interest rates, and inflation will undoubtedly impact overall consumer activity and freight demand, negatives for our business. And while it is difficult to accurately predict the extent of any economic slowdown, early indications suggest that the labour markets remain quite robust, a major factor influencing consumer spending. Under this scenario it is our view that consumers will simply adjust spending trends, but the declines will not be significant. As such, we only expect a slight softening in overall freight demand. In addition, there are positive signs that drilling activity and capital investment in the energy industry will increase year over year, a positive for the S&I segment. For these reasons we remain constructive for 2023, expecting revenues to remain close to last year. Profitability, however, will be negatively impacted if pricing pressures emerge, an outcome we anticipate as higher interest rates take a toll on economic growth.



- Mullen Group's comment that we anticipate freight volumes to moderate in 2023, as referred to in the LTL segment Market Outlook beginning on page 25. This forward-looking statement is based on the assumption that central bank authorities continue to pursue a policy of higher interest rates and consumer spending is impacted by inflationary pressures. Within this macro environment our strategy shifts to controlling costs and improving productivity, initiatives we believe will allow our Business Units to maintain margins consistent with 2022. Acquisitions in this segment remain a strategic focus and priority, as we continue to look to add scale.
- Mullen Group's comment that we anticipate the L&W segment to generate another year of solid results in 2023, as referred to in the L&W segment Market Outlook beginning on page 28. This forward-looking statement is based on the assumption that due to the nature of the services provided by our 12 Business Units, an expectation that the western Canadian economy will benefit from investment in energy and mining related projects, and the potential rebound in freight demand as suppliers look to restock inventory levels at some point during the year. We will also consider acquisitions that compliment current service offerings.
- Mullen Group's comment that we believe the S&I segment can maintain revenues and profitability in 2023 and we maintain a positive outlook for the majority of the Business Units in the segment, with the only exception being our Premay Pipeline Hauling group, as major pipeline activity in western Canada nears completion, as referred to in the S&I segment Market Outlook beginning on page 31. This forward-looking statement is based on our indications that the oil and natural gas industry will continue to increase drilling programs this year, potentially reaching new cycle highs in 2023. There is also growing pressure on the industry to allocate new capital towards long term projects that meet evolving ESG benchmarks. Capital investment in construction projects, along with dewatering and water management services, are expected to remain consistent with last year. In addition, acquisition opportunities are starting to look very attractive from a valuation perspective. We will consider investments in this segment that can enhance margins and be integrated into our current service offerings.
- Mullen Group's expectation that revenue and profitability in the US 3PL segment will be negatively affected in 2023. Nevertheless, we still believe HAUListic will be profitable, as referred to in the US 3PL segment Market Outlook beginning on page 34. This forward-looking statement is based on the assumption that revenue and profitability will be negatively affected by lower business activity and overall freight demand due to the slowing economy and the inventory rebalancing by shippers and retailers. We still believe HAUListic will be profitable due to the nature of the non-asset 3PL business, as contractors are pressured to reduce rates with demand falling. We remain committed to enhancing our proprietary technology platform, SilverExpress™, a transportation management software and digital marketplace, an investment we believe offers the best opportunity for HAUListic to grow in the non-asset 3PL marketplace.
- Mullen Group's intention to use working capital, the Credit Facilities and the anticipated cash flow from operating activities in 2023 to finance its ongoing working capital requirements, the 2023 dividend, the 2023 capital budget, as well as various special projects and acquisition opportunities, as referred to in the Capital Resources and Liquidity section beginning on page 37. This forward-looking statement is based on our belief that our access to cash will exceed our expected requirements.

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

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



NON-IFRS FINANCIAL MEASURES

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

Adjusted OIBDA

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

(unaudited) (\$ millions)	Three month periods ended December 31		Years ended December 31	
	2022	2021	2022	2021
OIBDA	\$ 77.6	\$ 65.8	\$ 329.9	\$ 236.4
CEWS	—	(5.2)	—	(17.7)
Adjusted OIBDA	\$ 77.6	\$ 60.6	\$ 329.9	\$ 218.7

Adjusted OIBDA by Segment

(unaudited) (\$ millions)	Three month period ended December 31						Year ended December 31					
	2022						2022					
	Revenue	DOE	S&A	OIBDA	CEWS	Adjusted OIBDA	Revenue	DOE	S&A	OIBDA	CEWS	Adjusted OIBDA
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
LTL	190.8	133.1	25.9	31.8	—	31.8	778.7	536.8	103.5	138.4	—	138.4
L&W	153.8	106.1	17.3	30.4	—	30.4	609.3	422.8	67.4	119.1	—	119.1
S&I	108.0	78.5	10.4	19.1	—	19.1	400.6	283.9	39.2	77.5	—	77.5
US 3PL	52.6	48.0	3.7	0.9	—	0.9	221.8	202.2	13.9	5.7	—	5.7
Other ¹	(2.5)	(4.0)	6.1	(4.6)	—	(4.6)	(10.9)	(17.8)	17.7	(10.8)	—	(10.8)
Total	502.7	361.7	63.4	77.6	—	77.6	1,999.5	1,427.9	241.7	329.9	—	329.9

¹ consists of Corporate and intersegment eliminations.

(unaudited) (\$ millions)	Three month period ended December 31						Year ended December 31					
	2021						2021					
	Revenue	DOE	S&A	OIBDA	CEWS	Adjusted OIBDA	Revenue	DOE	S&A	OIBDA	CEWS	Adjusted OIBDA
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
LTL	168.8	119.1	23.5	26.2	(0.5)	25.7	585.3	411.1	78.3	95.9	(2.0)	93.9
L&W	131.8	93.5	14.2	24.1	(0.8)	23.3	465.6	327.3	51.8	86.5	(3.1)	83.4
S&I	82.0	57.6	8.2	16.2	(3.9)	12.3	313.4	218.6	32.8	62.0	(12.6)	49.4
US 3PL	61.2	55.8	3.4	2.0	—	2.0	118.2	107.5	5.8	4.9	—	4.9
Other ¹	(1.9)	(3.0)	3.8	(2.7)	—	(2.7)	(5.1)	(9.1)	16.9	(12.9)	—	(12.9)
Total	441.9	323.0	53.1	65.8	(5.2)	60.6	1,477.4	1,055.4	185.6	236.4	(17.7)	218.7

¹ consists of Corporate and intersegment eliminations.



Adjusted Operating Margin

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

(unaudited) (\$ millions)	Three month periods ended December 31		Years ended December 31	
	2022	2021	2022	2021
Adjusted OIBDA	\$ 77.6	\$ 60.6	\$ 329.9	\$ 218.7
Revenue	\$ 502.7	\$ 441.9	\$ 1,999.5	\$ 1,477.4
Adjusted operating margin	15.4%	13.7%	16.5%	14.8%

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, the gain on fair value of equity investment, the loss on sale of non-core business and the gain on contingent consideration. Management adjusts net income and earnings per share by excluding these specific factors to more clearly reflect earnings from an operating perspective.

(unaudited) (\$ millions, except share and per share amounts)	Three month periods ended December 31		Years ended December 31	
	2022	2021	2022	2021
Income before income taxes	\$ 76.6	27.5	\$ 210.9	96.0
Add (deduct):				
Net foreign exchange (gain) loss	(2.1)	0.8	10.8	(0.7)
Change in fair value of investments	(0.4)	(0.4)	(0.1)	(1.2)
Gain on fair value of equity investment	(2.8)	—	(2.8)	—
Loss on sale of non-core business	0.1	—	0.1	—
Gain on contingent consideration	—	—	—	(0.2)
Income before income taxes – adjusted	71.4	27.9	218.9	93.9
Income tax rate	25%	25%	25%	25%
Computed expected income tax expense	(17.8)	(7.0)	(54.7)	(23.5)
Net income – adjusted	53.6	20.9	164.2	70.4
Weighted average number of Common Shares outstanding – basic	92,930,386	95,364,667	93,351,897	96,068,715
Earnings per share – adjusted	\$ 0.58	0.22	\$ 1.76	0.73

Net Revenue

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

(unaudited) (\$ millions)	Three month periods ended December 31		Years ended December 31	
	2022	2021	2022	2021
Revenue	\$ 52.6	\$ 61.2	\$ 221.8	\$ 118.2
Direct operating expenses	(48.0)	(55.8)	(202.2)	(107.5)
Net Revenue	\$ 4.6	\$ 5.4	\$ 19.6	\$ 10.7



Consolidated Direct Operating Expenses – Adjusted for CEWS and HAUListic

Consolidated Direct Operating Expenses – Adjusted for CEWS and HAUListic is calculated by subtracting DOE CEWS and HAUListic's DOE from consolidated DOE. HAUListic is a non-asset based 3PL provider that generates lower margins than our asset based Business Units. Management excludes HAUListic's DOE to measure the financial performance of our asset based Business Units. Management uses this calculation to assess DOE as a percentage of revenue as it provides an indication of our ability to generate an appropriate return without CEWS and HAUListic's DOE as it provides an indication of our ability to generate an appropriate return as compared to the associated risk and the amount of assets employed.

(unaudited) (\$ millions)	Three month periods ended December 31						Years ended December 31					
	2022		2021		Change		2022		2021		Change	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Company	234.0	69.5	201.1	69.6	32.9	16.4	907.0	68.5	692.0	68.7	215.0	31.1
CEWS	—	—	3.9	1.3	(3.9)	(100.0)	—	—	13.1	(1.3)	(13.1)	(100.0)
HAUListic	(0.2)	—	(0.1)	—	(0.1)	100.0	(0.9)	(0.1)	(0.2)	—	(0.7)	350.0
Company – adjusted	233.8	69.5	204.9	70.9	28.9	14.1	906.1	68.4	704.9	70.0	201.2	28.5
Contractors	127.7	77.8	121.9	80.6	5.8	4.8	520.9	78.1	363.4	78.6	157.5	43.3
HAUListic	(47.8)	(6.1)	(55.7)	(7.0)	7.9	(14.2)	(201.3)	(6.3)	(107.3)	(4.2)	(94.0)	87.6
Contractors – adjusted	79.9	71.7	66.2	73.6	13.7	20.7	319.6	71.8	256.1	74.4	63.5	24.8
Total – adjusted	313.7	70.0	271.1	71.2	42.6	15.7	1,225.7	68.9	961.0	70.7	264.7	27.5

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 following are supplementary financial measures disclosed by the Corporation.

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 December 31				Years ended December 31			
	2022		2021		2022		2021	
	\$		\$		\$		\$	
OIBDA	77.6		65.8		329.9		236.4	
Revenue	502.7		441.9		1,999.5		1,477.4	
Operating margin	15.4%		14.9%		16.5%		16.0%	



Net Capital Expenditures

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

(unaudited) (\$ millions)	Three month periods ended December 31		Years ended December 31	
	2022	2021	2022	2021
Purchase of property, plant and equipment	\$ 32.3	\$ 30.5	\$ 81.4	\$ 68.2
Proceeds on sale of property, plant and equipment	(35.8)	(3.2)	(48.6)	(20.7)
Net capital expenditures	\$ (3.5)	\$ 27.3	\$ 32.8	\$ 47.5

Cash Flow per Share

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

(unaudited) (\$ millions, except share and per share amounts)	Three month periods ended December 31		Years ended December 31	
	2022	2021	2022	2021
Net cash from operating activities	\$ 100.5	\$ 65.8	\$ 263.0	\$ 198.0
Weighted average number of Common Shares outstanding	92,930,386	95,364,667	93,351,897	96,068,715
Cash flow per share	\$ 1.08	\$ 0.69	\$ 2.82	\$ 2.06

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 measure.

Total Net Debt

The term "total net debt" means all debt excluding the Debentures but includes the Private Placement Debt, lease liabilities, the Credit Facilities and letters of credit less any unrealized gain on Cross-Currency Swaps plus any unrealized loss on Cross-Currency Swaps, as disclosed within Derivatives on the consolidated statement of financial position. 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 of this MD&A with an understanding of how our debt covenant is calculated.

(unaudited) (\$ millions)	December 31, 2022
Private Placement Debt	\$ 480.7
Lease liabilities (including the current portion)	91.9
Bank indebtedness	22.8
Letters of credit	3.9
Long-term debt (including the current portion)	1.1
Total debt	600.4
Less: unrealized gain on Cross-Currency Swaps	(46.4)
Add: unrealized loss on Cross-Currency Swaps	—
Total net debt	\$ 554.0

