

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

This MD&A, dated October 18, 2023, has been prepared by management for the three and nine month periods ended September 30, 2023, and should be read in conjunction with (i) the audited annual consolidated financial statements for the fiscal year ended December 31, 2022 (the "**Annual Financial Statements**"), together with the Management's Discussion and Analysis thereon (the "**2022 MD&A**"), and (ii) the unaudited condensed interim consolidated financial statements for the three and nine month periods ended September 30, 2023, (the "**Interim Financial Statements**"). Any reference to "Mullen Group", "we", "us", "our" or the "Corporation" refers to Mullen Group Ltd., a corporation incorporated under the laws of the province of Alberta and includes its predecessors where context so requires. The Annual Financial Statements and other additional information are available on the Corporation's issuer profile on SEDAR+ at www.sedarplus.ca and on our website at www.mullen-group.com. These documents are also available upon request, free of charge, from the Corporate Investor Services group at ir@mullen-group.com. This MD&A and the Interim Financial Statements were reviewed by Mullen Group's Audit Committee and approved by the Board of Directors (the "**Board**") on October 18, 2023.

The Interim Financial Statements have been prepared in accordance to and comply with International Financial Reporting Standards ("**IFRS**"), which include the International Accounting Standards ("**IAS**") and the interpretations developed by the International Financial Reporting Interpretations Committee ("**IFRIC**"), as issued by the International Accounting Standards Board ("**IASB**"). The Interim Financial Statements comply with IAS 34 Interim Financial Reporting and do not include all of the information required for annual financial statements. Unless otherwise indicated, all amounts contained in this MD&A are in Canadian funds, which is the functional currency of the Corporation.

ADVISORY:

Forward-looking statements – This MD&A reflects management's expectations regarding Mullen Group's future growth, financial condition, results of operations, performance, business prospects, strategies and opportunities and contains forward-looking statements and forward-looking information (collectively, "**forward-looking statements**") within the meaning of applicable securities laws. Wherever possible, words such as "anticipate", "may", "will", "believe", "expect", "potential", "continue", "view", "objective", "should", "plan", "intend", "ongoing", "estimate", "project" or similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and assumptions and are based on information currently available to management. Forward-looking statements involve significant inherent risks and uncertainties, numerous assumptions and the risk that the predictions and forward-looking statements will not be achieved and that the actual results or events may differ materially from those anticipated in such forward-looking statements. A number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable beliefs and assumptions, Mullen Group cannot assure readers that actual results will be consistent with these forward-looking statements. Some of the risks and uncertainties include, but are not limited to certain strategic, financial and operational risks, most important of which are: (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 69 of the 2022 MD&A 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.sedarplus.ca. 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 33 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, net income – adjusted¹, earnings per share – adjusted¹, and net revenue¹ 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 and revenue. See the "Other Financial Measures" section for supplementary financial measures disclosed by the Corporation.

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

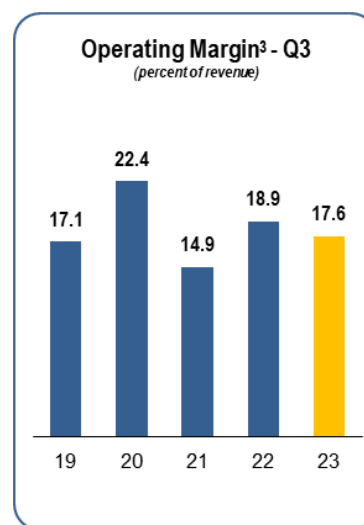
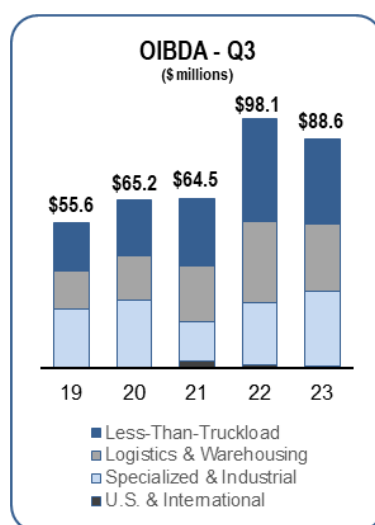
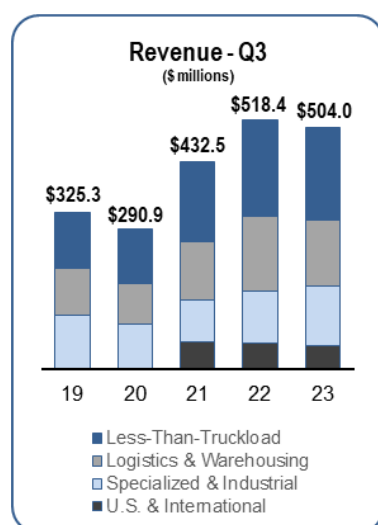
HIGHLIGHTS

FINANCIAL PERFORMANCE:

(unaudited)

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

	Three month periods ended			Nine month periods ended		
	September 30			September 30		
	2023	2022	% Change	2023	2022	% Change
Revenue						
Less-Than-Truckload	\$ 194.2	\$ 201.6	(3.7)	\$ 580.4	\$ 587.9	(1.3)
Logistics & Warehousing	137.1	156.3	(12.3)	424.1	455.5	(6.9)
Specialized & Industrial Services	125.4	108.8	15.3	345.5	292.6	18.1
U.S. & International Logistics	48.8	54.7	(10.8)	150.6	169.2	(11.0)
Corporate and intersegment eliminations	(1.5)	(3.0)	—	(4.5)	(8.4)	—
Total Revenue	\$ 504.0	\$ 518.4	(2.8)	\$ 1,496.1	\$ 1,496.8	—
OIBDA¹						
Less-Than-Truckload	\$ 34.5	\$ 41.1	(16.1)	\$ 100.8	\$ 106.6	(5.4)
Logistics & Warehousing	26.8	32.7	(18.0)	82.9	88.7	(6.5)
Specialized & Industrial Services	29.7	24.6	20.7	70.7	58.4	21.1
U.S. & International Logistics	1.1	1.5	(26.7)	3.2	4.8	(33.3)
Corporate	(3.5)	(1.8)	—	(8.6)	(6.2)	—
Total OIBDA	\$ 88.6	\$ 98.1	(9.7)	\$ 249.0	\$ 252.3	(1.3)
Net Income & Share Information						
Net income	\$ 39.1	\$ 38.0	2.9	\$ 107.3	\$ 97.1	10.5
Earnings per share – basic	\$ 0.44	\$ 0.41	7.3	\$ 1.19	\$ 1.04	14.4
Earnings per share – diluted	\$ 0.42	\$ 0.39	7.7	\$ 1.13	\$ 1.00	13.0
Net income – adjusted ²	\$ 38.0	\$ 47.0	(19.1)	\$ 104.0	\$ 110.6	(6.0)
Earnings per share – adjusted ²	\$ 0.43	\$ 0.51	(15.7)	\$ 1.15	\$ 1.18	(2.5)
Net cash from operating activities	\$ 49.6	\$ 95.7	(48.2)	\$ 171.8	\$ 162.5	5.7
Net cash from operating activities per share	\$ 0.56	\$ 1.03	(45.6)	\$ 1.90	\$ 1.74	9.2
Cash dividends declared per Common Share	\$ 0.18	\$ 0.18	—	\$ 0.54	\$ 0.50	8.0
Share price – September 30	\$ 13.42	\$ 14.24	(5.8)	\$ 13.42	\$ 14.24	(5.8)



¹ Defined as operating income before depreciation and amortization.

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

³ Refer to the section entitled "Other Financial Measures".



FINANCIAL POSITION:

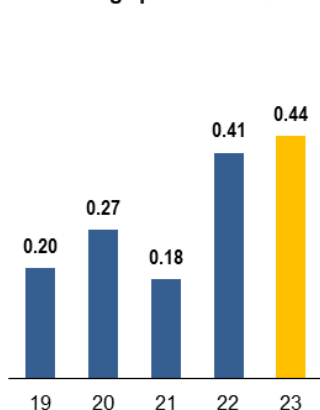
(unaudited) (\$ millions)	As at September 30		
	2023	2022	% Change
Cash (bank indebtedness) - net	\$ (104.8)	\$ (90.0)	16.4
Working capital	\$ 91.9	\$ 94.6	(2.9)
Private Placement Debt	\$ 480.4	\$ 484.4	(0.8)
Convertible debentures – debt component	\$ 117.6	\$ 115.2	2.1
Lease liabilities – non-current portion	\$ 74.8	\$ 70.3	6.4
Total assets	\$ 2,102.6	\$ 2,042.2	3.0

- Well-structured balance sheet
 - Private Placement Debt of \$480.4 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
 - Total net debt¹ (\$649.8 million) to operating cash flow (\$328.1 million) of 1.98:1 as defined per our Private Placement Debt agreement (threshold of 3.50:1)
- Real estate – historical cost of \$646.1 million
- Borrowings of \$114.2 million as at September 30, 2023, on our \$250.0 million of Credit Facilities

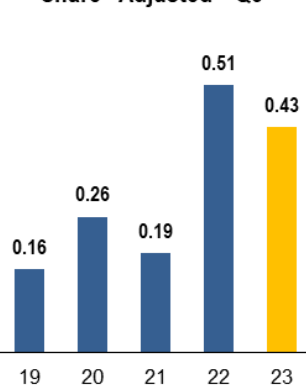
Q3 PROGRESS:

- Generated net income of \$39.1 million, up 2.9 percent year over year. Earnings per share increased by 7.3 percent to \$0.44.
- Revenues exceed \$500.0 million.
- Return on equity was 16.3 percent in the quarter and 14.7 percent on a year to date basis.
- Invested \$23.8 million towards gross capital expenditures to improve operating efficiencies and to support our sustainability goals.
- Repurchased and cancelled 114,524 Common Shares for \$1.5 million representing an average price of \$13.57.

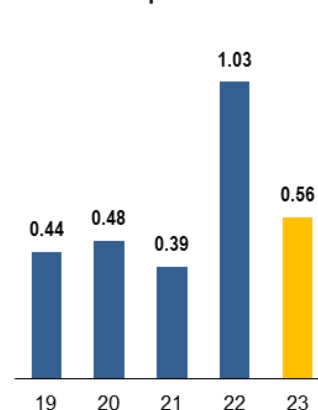
Earnings per Share - Q3



Earnings per Share - Adjusted² - Q3



Cash Flow per Share¹ - Q3



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

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



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.

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.



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, inventory, and warehouse management systems, that are customizable and integrated into our customers data systems.



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.





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. Third-party logistics ("**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 Warrenville, 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.

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.

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.sedarplus.ca, our website at www.mullen-group.com or upon request, free of charge, from the Corporate Investor Services group at ir@mullen-group.com.

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 normal course issuer bid ("**NCIB**"); and (iv) pay dividends to shareholders.

Acquisitions

2023 PLAN	Acquire companies and strive to improve their performance.
2023 INVESTMENTS	Butler Ridge Energy Services (2011) Ltd. ("Butler Ridge") • Acquired on March 1, 2023, for total consideration of \$3.1 million. • A fluid management company servicing the energy sector in the Peace River region of British Columbia. • Financial results are included within the S&I segment. B. & R. Eckel's Transport Ltd. ("B&R") • Acquired on May 1, 2023, for cash consideration consisting of \$19.9 million for all of the outstanding shares and repaid \$23.6 million of debt. • B&R has three primary service offerings operating in the greater northeastern Alberta region consisting of LTL, full truckload and specialized hauling services. • Financial results are split between the LTL segment and the S&I segment.



Capital Expenditures

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.

2023 PURCHASES

In the third quarter of 2023 we invested \$22.9 million (YTD – \$66.2 million) in new operating equipment and \$0.9 million (YTD – \$8.2 million) into facilities. For the nine month period ended September 30, 2023, we have approved \$8.2 million of capital specifically associated with our sustainability initiatives.

Normal Course Issuer Bid

2023 PLAN

The TSX approved the renewal of the normal course issuer bid ("**NCIB**") on March 8, 2023, to purchase for cancellation up to 8,644,508 Common Shares in the open market on or before March 9, 2024.

2023 REPURCHASES

- During the third quarter of 2023 we repurchased and cancelled 114,524 Common Shares (YTD – 4,384,337 Common Shares) for \$1.5 million (YTD – \$64.6 million), representing an average price of \$13.57 (YTD – \$14.74) per Common Share.
- As at February 28, 2023, the average daily trading volume of the Common Shares on the TSX ("**ADTV**") for the most recently completed six calendar months was 296,081. 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 74,020 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 NCIB and the ASPP can be cancelled at the discretion of the Corporation at any time provided the Corporation is not in a blackout period.

Dividends

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.

2023 PAYMENTS

- During the third quarter of 2023, we declared monthly dividends totalling \$0.18 (YTD – \$0.54) per Common Share as compared to \$0.18 (YTD – \$0.50) per Common Share in the same period last year.
- At September 30, 2023, we had 88,625,848 Common Shares outstanding and a dividend payable of \$5.3 million (December 31, 2022 – \$5.6 million), which was paid on October 16, 2023.
- On October 17, 2023, the Board declared a monthly dividend of \$0.06 per Common Share to the holders of record at the close of business on October 31, 2023.



CONSOLIDATED FINANCIAL RESULTS

THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

Executive Summary

This was another solid quarter for our organization with consolidated revenues breaching the half a billion mark once again. We highlight this achievement because the economy has changed significantly as compared to last year, a period of low interest rates, high freight demand, supply chain bottlenecks, inventory building and pricing surcharges. This year, interest rates are at the highest levels in over a decade, the demand for freight services across most verticals in the economy has moderated as consumers have shifted spending towards leisure and travel, accompanied by the move by manufacturers and retailers to adjust inventory levels. Revenues were also negatively impacted by a decline in fuel surcharge revenues, a derivative of lower crude oil prices, year-over-year. Despite these challenges our business continued to generate very good results.

In the third quarter, consolidated revenues remained strong and near 2022 levels for two reasons. The first is the nature of our business model. Through 40 independently managed Business Units we provide a wide range of logistics offerings, servicing multiple verticals in the economy. This means that our business is not dependent on any one sector of the economy or any single customer. The second reason is new revenues generated from acquisitions, the key component of our growth strategy. This combination, diversification and acquisitions, is how we have managed to mitigate the declines in overall general freight demand. In terms of operating profitability, OIBDA margins have come under pressure from rising costs and competitive pricing, within the LTL and L&W segments. This is in stark contrast to gains achieved in the S&I segment, where business remains robust and pricing has held steady. Maintaining margins and focusing on managing costs within the current inflationary environment has been a priority of our organization in 2023.

Outlook

While the overall economy has slowed relative to last year's robust growth, the slowdown has been moderate and continues to show a resiliency that has defied many projections, including our own. Earlier this year we had expected the change in monetary policy by central banks, along with higher interest rates, would negatively impact consumer spending and economic output. However, based upon current employment statistics and recent economic data, the slowdown has been quite modest. In fact, our recent channel checks indicate that consumer demand has stabilized, which even at today's levels is very good news, and that the inventory rebalancing cycle has found a bottom. These are strong indicators that overall freight demand, while perhaps not growing in the near term, will remain near current levels providing support for our LTL and L&W segments. In addition, we view energy and mining as growth opportunities, verticals within the Canadian economy we have a strong presence. For these reasons we have a positive outlook for the next quarter and near term. Longer term we will continue to gain market share through the effective use of leading technologies and acquisitions that strengthen our overall business.

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												
(unaudited) (\$ millions)	Three month periods ended September 30						Nine month periods ended September 30					
	2023		2022		Change		2023		2022		Change	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Company	345.6	68.6	345.2	66.6	0.4	0.1	1,008.2	67.4	987.9	66.0	20.3	2.1
Contractors	156.3	31.0	171.6	33.1	(15.3)	(8.9)	480.6	32.1	503.1	33.6	(22.5)	(4.5)
Other	2.1	0.4	1.6	0.3	0.5	31.2	7.3	0.5	5.8	0.4	1.5	25.9
Total	504.0	100.0	518.4	100.0	(14.4)	(2.8)	1,496.1	100.0	1,496.8	100.0	(0.7)	—

Consolidated revenues were \$504.0 million in the third quarter, a slight decrease of 2.8 percent or \$14.4 million as acquisitions added \$27.6 million of incremental revenue and offset the majority of the following revenue declines:

- Fuel surcharge revenues declined by \$20.3 million (excluding acquisitions), primarily due to a 10.5 percent decrease in the price of diesel fuel.
- Lower freight volumes of \$19.0 million.
- Last year's results included revenues of \$2.7 million associated with our hydrovac business, that was subsequently disposed of in December 2022.



For the nine month period, consolidated revenues were \$1,496.1 million, a decrease of \$0.7 million year over year, which was primarily due to:

- Fuel surcharge revenues declined by \$25.7 million (excluding acquisitions) due to the decrease in the price of diesel fuel.
- A softer environment for freight and logistics demand that led to a year over year decline in revenues of \$30.6 million.
- A \$9.6 million decrease in revenue associated with the sale of the Corporation's hydrovac assets.

These decreases were somewhat offset by \$65.2 million of incremental revenue from acquisitions.

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												
(unaudited) (\$ millions)	Three month periods ended September 30						Nine month periods ended September 30					
	2023		2022		Change		2023		2022		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Company												
Wages and benefits	82.1	23.8	75.2	21.8	6.9	9.2	235.1	23.3	216.7	21.9	18.4	8.5
Fuel	27.1	7.8	32.3	9.4	(5.2)	(16.1)	83.7	8.3	102.4	10.4	(18.7)	(18.3)
Repairs and maintenance	39.9	11.5	37.3	10.8	2.6	7.0	116.9	11.6	105.8	10.7	11.1	10.5
Purchased transportation	53.0	15.3	55.9	16.2	(2.9)	(5.2)	155.2	15.4	165.1	16.7	(9.9)	(6.0)
Operating supplies	18.4	5.3	19.6	5.7	(1.2)	(6.1)	61.5	6.1	58.1	5.9	3.4	5.9
Other	9.6	2.9	8.6	2.4	1.0	11.6	26.9	2.7	24.9	2.5	2.0	8.0
	230.1	66.6	228.9	66.3	1.2	0.5	679.3	67.4	673.0	68.1	6.3	0.9
Contractors	122.0	78.1	133.4	77.7	(11.4)	(8.5)	372.6	77.5	393.2	78.2	(20.6)	(5.2)
Total	352.1	69.9	362.3	69.9	(10.2)	(2.8)	1,051.9	70.3	1,066.2	71.2	(14.3)	(1.3)

*as a percentage of respective Consolidated revenue

Consolidated DOE during the quarter declined by \$10.2 million to \$352.1 million, or 2.8 percent, as compared to \$362.3 million in 2022, primarily due to a \$14.4 million decline in consolidated revenues.

- Expenses related to operating company owned equipment increased in line with Company revenue, with operating margins¹ declining slightly year over year due to inflationary pressures.
- Contractors costs decreased by \$11.4 million in the quarter due to the \$15.3 million decline in Contractors revenue. In percentage terms, however, these costs increased by 0.4 percent, mainly because of lower margins experienced in the S&I segment and the US 3PL segment.

For the nine month period, consolidated DOE declined to \$1,051.9 million, or \$14.3 million, as compared to \$1,066.2 million in 2022, which resulted in:

- Company costs increased in absolute dollar terms due to higher Company revenue. As a percentage of Company revenue, however, Company costs decreased by 0.7 percent mainly due to margin improvement in the LTL segment, the L&W segment and the S&I segment.
- Contractors costs decreased by \$20.6 million due to the \$22.5 million decline in Contractors revenue. In percentage terms, these costs decreased by 0.7 percent, which was mainly due to margin improvement in the L&W segment, the LTL segment and the US 3PL segment.

¹ Refer to the section entitled "Other 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												
(unaudited) (\$ millions)	Three month periods ended September 30						Nine month periods ended September 30					
	2023		2022		Change		2023		2022		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Wages and benefits	39.4	7.8	35.9	6.9	3.5	9.7	116.5	7.8	107.1	7.2	9.4	8.8
Communications, utilities and general supplies	16.7	3.3	15.9	3.1	0.8	5.0	54.5	3.6	49.9	3.3	4.6	9.2
Profit share	4.8	1.0	5.7	1.1	(0.9)	(15.8)	14.2	0.9	14.3	1.0	(0.1)	(0.7)
Foreign exchange	(0.8)	(0.2)	(2.9)	(0.6)	2.1	(72.4)	—	—	(3.4)	(0.2)	3.4	(100.0)
Stock-based compensation	0.3	0.1	0.3	0.1	—	—	0.8	0.1	0.6	—	0.2	33.3
Rent and other	2.9	0.6	3.1	0.6	(0.2)	(6.5)	9.2	0.6	9.8	0.6	(0.6)	(6.1)
Total	63.3	12.6	58.0	11.2	5.3	9.1	195.2	13.0	178.3	11.9	16.9	9.5

*as a percentage of total Consolidated revenue

S&A expenses rose by \$5.3 million in the quarter to \$63.3 million as compared to \$58.0 million in 2022 due to:

- incremental S&A expenses of \$3.5 million associated with acquisitions;
- a \$2.1 million negative variance in foreign exchange; and
- inflationary pressures including cost of living wage increases, and higher utility costs and general supplies.

As a percentage of revenue, S&A expenses increased to 12.6 percent from 11.2 percent last year, due to a combination of lower consolidated revenues and the fixed nature of these expenses.

For the nine month period, S&A expenses rose by \$16.9 million to \$195.2 million as compared to \$178.3 million in 2022, primarily due to:

- incremental S&A expenses of \$8.3 million associated with acquisitions;
- a \$3.4 million negative variance in foreign exchange; and
- inflationary pressures associated with wages, utility costs and general supplies.

As a percentage of revenue, S&A expenses increased to 13.0 percent from 11.9 percent last year, due to higher inflationary costs.

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												
(unaudited) (\$ millions)	Three month periods ended September 30						Nine month periods ended September 30					
	2023		2022		Change		2023		2022		Change	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
LTL	34.5	38.9	41.1	41.9	(6.6)	(16.1)	100.8	40.5	106.6	42.3	(5.8)	(5.4)
L&W	26.8	30.2	32.7	33.3	(5.9)	(18.0)	82.9	33.3	88.7	35.2	(5.8)	(6.5)
S&I	29.7	33.5	24.6	25.1	5.1	20.7	70.7	28.4	58.4	23.1	12.3	21.1
US 3PL	1.1	1.2	1.5	1.5	(0.4)	(26.7)	3.2	1.3	4.8	1.9	(1.6)	(33.3)
Corporate	(3.5)	(3.8)	(1.8)	(1.8)	(1.7)	94.4	(8.6)	(3.5)	(6.2)	(2.5)	(2.4)	38.7
Total	88.6	100.0	98.1	100.0	(9.5)	(9.7)	249.0	100.0	252.3	100.0	(3.3)	(1.3)

Our business generated \$88.6 million in OIBDA during the quarter, a decrease of \$9.5 million, or 9.7 percent, as compared to the \$98.1 million during the same period one year earlier due to:

- Lower revenues, a more normalized pricing environment in 2023 and higher S&A costs were the primary reasons for the decline. However, the third quarter of last year was an exceptional period highlighted by peak demand and substantially higher pricing, conditions that were not repeated in 2023.



- Incremental OIBDA of \$3.7 million was generated from acquisitions.
- Operating margin¹ declined as compared to last year due to a rise in S&A expenses, while DOE remained consistent with the prior year reflecting the variable cost structure of our business model, and our focus on cost control.

For the nine month period, OIBDA decreased modestly by \$3.3 million, or 1.3 percent, to \$249.0 million from \$252.3 million in 2022 due to:

- A more normalized pricing environment in 2023 and higher S&A costs.
- Operating margin¹ decreased to 16.6 percent, down slightly from the 16.9 percent generated last year, due to lower margins experienced in the LTL segment.

Depreciation of Property, Plant and Equipment

Consolidated						
(unaudited) (\$ millions)	Three month periods ended September 30			Nine month periods ended September 30		
	2023	2022	Change	2023	2022	Change
	\$	\$	\$	\$	\$	\$
LTL	6.1	5.2	0.9	16.6	15.2	1.4
L&W	3.7	4.0	(0.3)	10.8	11.8	(1.0)
S&I	6.8	6.7	0.1	20.5	19.7	0.8
US 3PL	—	0.4	(0.4)	1.0	1.4	(0.4)
Corporate	1.7	1.5	0.2	5.4	4.5	0.9
Total	18.3	17.8	0.5	54.3	52.6	1.7

- Depreciation in the third quarter and first nine months of 2023 increased as compared to the corresponding periods in the prior year due to acquisitions and from a greater amount of capital expenditures made within the LTL segment and the S&I segment.
- The slight decrease in depreciation in the L&W segment was due to a lower amount of capital expenditures within this segment.

Depreciation of Right-of-Use Assets

Consolidated						
(unaudited) (\$ millions)	Three month periods ended September 30			Nine month periods ended September 30		
	2023	2022	Change	2023	2022	Change
	\$	\$	\$	\$	\$	\$
LTL	4.9	3.5	1.4	13.8	10.3	3.5
L&W	2.1	2.4	(0.3)	6.2	6.5	(0.3)
S&I	0.3	0.2	0.1	0.7	0.6	0.1
US 3PL	0.1	0.2	(0.1)	0.5	0.6	(0.1)
Corporate	—	—	—	—	—	—
Total	7.4	6.3	1.1	21.2	18.0	3.2

- Depreciation of right-of-use assets increased in the LTL segment due to leases assumed on acquisitions and from adding and renewing certain facility leases.

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 \$3.3 million (YTD – \$10.3 million) in the third quarter of 2023 as compared to \$4.3 million (YTD – \$13.3 million) in 2022. This decrease of \$1.0 million (YTD – \$3.0 million) 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 acquisitions.

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



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 (as hereafter defined on page 29), less any interest income generated from the debentures issued to equity investments and from cash and cash equivalents.

Finance costs were \$9.6 million (YTD – \$27.4 million) in the third quarter of 2023 as compared to \$9.3 million (YTD – \$26.1 million) in 2022. The increase of \$0.3 million (YTD – \$1.3 million) was mainly attributable to a greater amount of interest expense being recorded on the Credit Facilities (as hereafter defined on page 29) and from greater interest expense recognized on lease liabilities by virtue of our recent acquisitions.

Net Foreign Exchange (Gain) Loss

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

(unaudited) (\$ millions)	Three month periods ended September 30			Nine month periods ended September 30		
	2023	2022	Change	2023	2022	Change
	\$	\$	\$	\$	\$	\$
Foreign exchange loss (gain) on U.S. \$ debt	6.4	18.9	(12.5)	(0.6)	23.6	(24.2)
Foreign exchange (gain) loss on Cross-Currency Swaps	(6.6)	(10.5)	3.9	(2.8)	(10.7)	7.9
Net foreign exchange (gain) loss	(0.2)	8.4	(8.6)	(3.4)	12.9	(16.3)

We recorded a foreign exchange loss (gain) of \$6.4 million (YTD – \$(0.6) 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 2023 as compared to a loss (gain) of \$18.9 million (YTD – \$23.6 million) in 2022. We recorded a foreign exchange (gain) loss on Cross-Currency Swaps of \$(6.6) million (YTD – \$(2.8) million) in the third quarter of 2023 as compared to a (gain) loss of \$(10.5) million (YTD – \$(10.7) million) in 2022. This was due to the change over the period in the fair value of these Cross-Currency Swaps.

Other (Income) Expense

(unaudited) (\$ millions)	Three month periods ended September 30			Nine month periods ended September 30		
	2023	2022	Change	2023	2022	Change
	\$	\$	\$	\$	\$	\$
Change in fair value of investments	(0.2)	0.4	(0.6)	—	0.3	(0.3)
(Gain) loss on sale of property, plant & equipment	(0.4)	0.7	(1.1)	(1.2)	1.9	(3.1)
Loss on fair value of equity investment	—	—	—	0.6	—	0.6
Earnings from equity investments	(0.2)	(3.0)	2.8	(1.6)	(7.1)	5.5
Other (income) expense	(0.8)	(1.9)	1.1	(2.2)	(4.9)	2.7

Other income was \$0.8 million (YTD – \$2.2 million) in the third quarter of 2023 as compared to other income of \$1.9 million (YTD – \$4.9 million) in 2022. The decrease in other income was mainly attributable to a \$2.8 million (YTD – \$5.5 million) negative variance in earnings from equity investments being somewhat offset by a \$1.1 million (YTD – \$3.1 million) positive variance in the gain on sale of property, plant and equipment.



Income Taxes

(unaudited) (\$ millions)	Three month periods ended September 30			Nine month periods ended September 30		
	2023	2022	Change	2023	2022	Change
	\$	\$	\$	\$	\$	\$
Income before income taxes	51.0	53.9	(2.9)	141.4	134.3	7.1
Combined statutory tax rate	25%	25%	—	25%	25%	—
Expected income tax	12.8	13.5	(0.7)	35.4	33.6	1.8
Add (deduct):						
Non-deductible (taxable) portion of net foreign exchange (gain) loss	—	1.0	(1.0)	(0.4)	1.5	(1.9)
Non-deductible (taxable) portion of the change in fair value of investments	—	—	—	0.1	—	0.1
Stock-based compensation expense	0.1	—	0.1	0.2	0.1	0.1
Changes in unrecognized deferred tax asset	—	1.0	(1.0)	(0.4)	1.5	(1.9)
Other	(1.0)	0.4	(1.4)	(0.8)	0.5	(1.3)
Income tax expense	11.9	15.9	(4.0)	34.1	37.2	(3.1)

Income tax expense was \$11.9 million (YTD – \$34.1 million) in the third quarter of 2023 as compared to \$15.9 million (YTD – \$37.2 million) in 2022. The decrease in income tax expense in the third quarter as compared to the corresponding prior year period was mainly attributable to the variance in net foreign exchange and from the lower amount of income being generated. Income tax expense for the first nine months of 2023 decreased as compared to 2022, due to the variance in net foreign exchange being somewhat offset by higher earnings.

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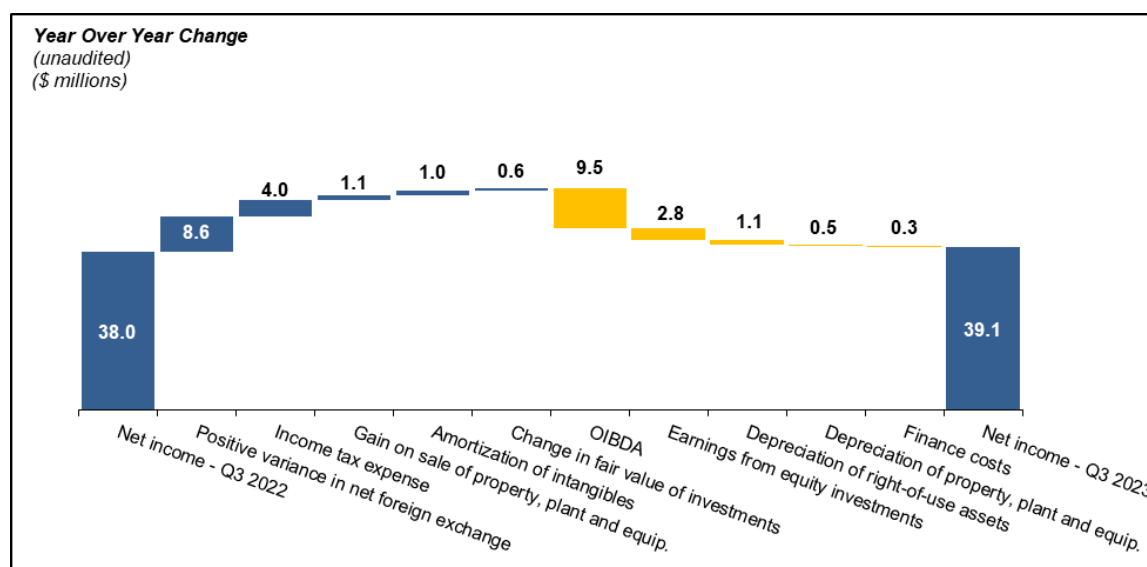


Net Income

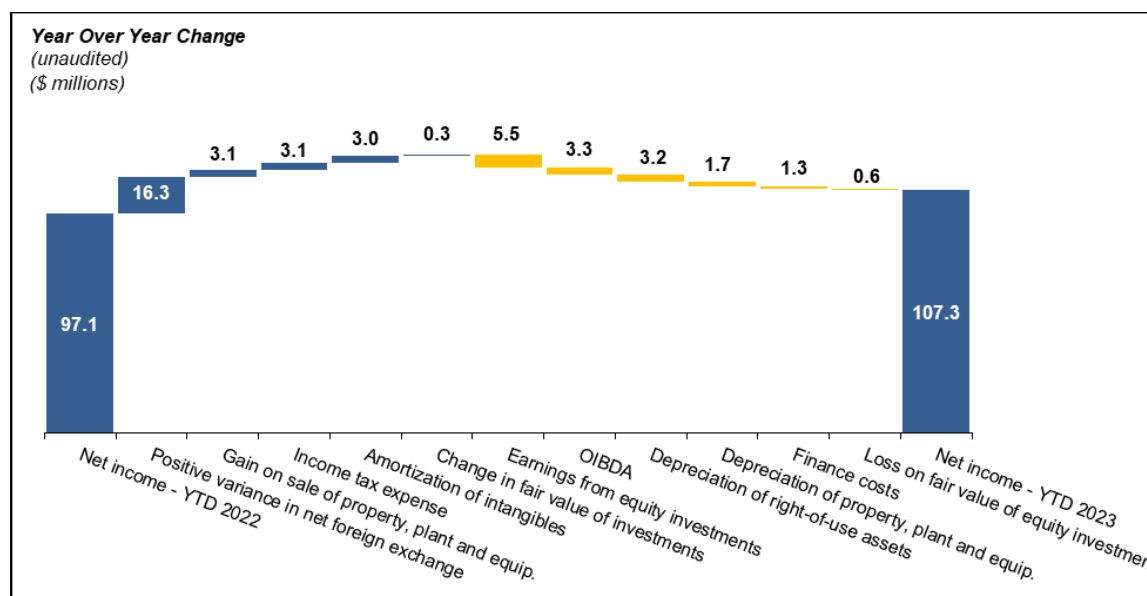
(unaudited) (\$ millions, except share and per share amounts)	Three month periods ended September 30			Nine month periods ended September 30		
	2023	2022	% Change	2023	2022	% Change
Net income	\$ 39.1	\$ 38.0	2.9	\$ 107.3	\$ 97.1	10.5
Weighted average number of Common Shares outstanding	88,737,882	92,901,163	(4.5)	90,439,968	93,493,945	(3.3)
Earnings per share – basic	\$ 0.44	\$ 0.41	7.3	\$ 1.19	\$ 1.04	14.4

Net income increased by \$1.1 million, or 2.9 percent, to \$39.1 million in the third quarter of 2023 as compared to \$38.0 million in 2022. Net income increased to \$107.3 million in the first nine months of 2023 as compared to \$97.1 million in 2022. The factors contributing to the change in net income include:

Three month period ended September 30, 2023



Nine month period ended September 30, 2023



Basic earnings per share increased to \$0.44 in the third quarter as compared to \$0.41 in 2022. This increase resulted from the combined effect of the \$1.1 million increase in net income and from a reduction in the weighted average number of Common Shares outstanding from 92,901,163 in the third quarter of 2022 to 88,737,882 in the third quarter of 2023. Basic earnings per share in the first nine months of 2023 increased to \$1.19 from \$1.04 in 2022 and resulted from the combined effect of the \$10.2 million increase in net income and the decrease in the weighted average number of Common Shares outstanding from 93,493,945 in 2022 to 90,439,968 in 2023. The reduction in the weighted average number of Common Shares outstanding was due to the repurchase and cancellation of Common Shares under the NCIB being partially offset by the issuance of 57,180 Common Shares on the Butler Ridge acquisition.

Net Income – Adjusted¹ and Earnings per Share – Adjusted¹

Net income – adjusted¹ and earnings per share – adjusted¹ were \$38.0 million (YTD – \$104.0 million) or \$0.43 (YTD – \$1.15) in the third quarter of 2023 as compared to \$47.0 million (YTD – \$110.6 million) or \$0.51 (YTD – \$1.18) in 2022, respectively. Management adjusts net income and earnings per share by excluding specific factors to more clearly reflect earnings from an operating perspective.

Subsequent Event

Subsequent to September 30, 2023, until the date of this report, we repurchased 111,014 Common Shares at a total cost of \$1.5 million.

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



SEGMENTED FINANCIAL RESULTS

THREE MONTH PERIODS ENDED

Three month period ended September 30, 2023 (unaudited) (\$ millions)	LTL	L&W	S&I	US 3PL	Corporate and intersegment eliminations	Total
	\$	\$	\$	\$	\$	\$
Revenue	194.2	137.1	125.4	48.8	(1.5)	504.0
Direct operating expenses	131.5	94.4	84.4	44.4	(2.6)	352.1
Selling and administrative expenses	28.2	15.9	11.3	3.3	4.6 ¹	63.3
OIBDA	34.5	26.8	29.7	1.1	(3.5)	88.6
Net capital expenditures ²	9.3	6.1	4.7	—	0.7	20.8

Three month period ended September 30, 2022 (unaudited) (\$ millions)	LTL	L&W	S&I	US 3PL	Corporate and intersegment eliminations	Total
	\$	\$	\$	\$	\$	\$
Revenue	201.6	156.3	108.8	54.7	(3.0)	518.4
Direct operating expenses	135.3	107.5	74.3	49.5	(4.3)	362.3
Selling and administrative expenses	25.2	16.1	9.9	3.7	3.1 ³	58.0
OIBDA	41.1	32.7	24.6	1.5	(1.8)	98.1
Net capital expenditures ²	3.5	5.9	0.6	—	2.2	12.2

¹ Includes a \$0.3 million foreign exchange gain.

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

³ Includes a \$1.5 million foreign exchange gain.

NINE MONTH PERIODS ENDED

Nine month period ended September 30, 2023 (unaudited) (\$ millions)	LTL	L&W	S&I	US 3PL	Corporate and intersegment eliminations	Total
	\$	\$	\$	\$	\$	\$
Revenue	580.4	424.1	345.5	150.6	(4.5)	1,496.1
Direct operating expenses	394.2	290.4	240.7	136.6	(10.0)	1,051.9
Selling and administrative expenses	85.4	50.8	34.1	10.8	14.1 ¹	195.2
OIBDA	100.8	82.9	70.7	3.2	(8.6)	249.0
Net capital expenditures ²	26.5	17.3	14.3	—	5.9	64.0

Nine month period ended September 30, 2022 (unaudited) (\$ millions)	LTL	L&W	S&I	US 3PL	Corporate and intersegment eliminations	Total
	\$	\$	\$	\$	\$	\$
Revenue	587.9	455.5	292.6	169.2	(8.4)	1,496.8
Direct operating expenses	403.7	316.7	205.4	154.2	(13.8)	1,066.2
Selling and administrative expenses	77.6	50.1	28.8	10.2	11.6 ³	178.3
OIBDA	106.6	88.7	58.4	4.8	(6.2)	252.3
Net capital expenditures ²	15.4	13.8	2.7	—	4.4	36.3

¹ Includes a \$0.2 million foreign exchange loss.

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

³ Includes a \$1.6 million foreign exchange gain.





LESS-THAN-TRUCKLOAD

Highlights for the Quarter

The transportation, handling and distribution of LTL freight remains a strategic focus of Mullen Group. We continue to search for new opportunities that will expand our service coverage across Canada, acquiring competitors that will improve lane density and reduce average shipment costs, a key component to improving margins. We are also aggressively investing in new technologies to improve productivity, increase visibility within our network, and improve real time tracking capabilities for customers, steps we believe will drive market share gain and improve the quality of freight handled in our system.

Revenues generated in the third quarter were down marginally on a year over year comparative basis, reflecting the declines in overall freight demand in 2023 and fuel surcharge revenues. The majority of the shipment declines occurred in eastern Canada, where the Gardewine Group and APPS Cartage Inc. have a significant presence. In western Canada economic activity remained vibrant, however, demand was temporarily impacted at several Business Units by regional fires during the quarter, negatively impacting overall segment financial performance. Throughout 2023 our quarterly performance has been very consistent, signaling a stabilizing in freight volumes and end consumer demand. Our results this year mirror in many respects the economic output of the Canadian economy in 2023, solid but not as robust as 2022.

Overall, another solid quarter for our largest segment. The acquisition of B&R in May of this year contributed \$11.3 million of LTL revenues during the quarter, a major reason segment revenues were close to last year's performance. In terms of OIBDA, however, this new business was not profitable, negatively impacting margins during the period by 1.1 percent. To correct this situation we have entered phase 3 of the integration plan, which entails the transitioning of the freight currently handled by B&R into our existing best-in-class Business Units, Hi-Way 9 Express Ltd. and Grimshaw Trucking L.P. We expect this move will result in margins returning to our historical averages in 2024. Quarter 4 results will still have legacy costs associated with the transition and the final integration phase.

Market Outlook

The job market and overall economic activity remain healthy, important factors determining future demand for LTL shipments. Based upon these two data points and conversations we have had with major shippers, we are of the view that freight volumes and segment revenues will remain near current levels for the foreseeable future. Within this context we will focus on improving margins by reducing costs where practical, improving productivity through the continued investment in technology, and by combining underperforming Business Units, like the B&R LTL business, with high performing Business Units. Future growth will be dependent upon a successful acquisition strategy.

Revenue

LTL												
(unaudited) (\$ millions)	Three month periods ended September 30						Nine month periods ended September 30					
	2023		2022		Change		2023		2022		Change	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Company	181.1	93.3	187.9	93.2	(6.8)	(3.6)	535.5	92.3	540.9	92.0	(5.4)	(1.0)
Contractors	12.5	6.4	13.5	6.7	(1.0)	(7.4)	43.8	7.5	46.4	7.9	(2.6)	(5.6)
Other	0.6	0.3	0.2	0.1	0.4	200.0	1.1	0.2	0.6	0.1	0.5	83.3
Total	194.2	100.0	201.6	100.0	(7.4)	(3.7)	580.4	100.0	587.9	100.0	(7.5)	(1.3)

Segment revenue in 2023 decreased to \$194.2 million (YTD – \$580.4 million) as compared to \$201.6 million (YTD – \$587.9 million) in 2022.

- Fuel surcharge revenue decreased by \$12.3 million (YTD – \$15.4 million) to \$33.2 million (YTD – \$106.3 million) in 2023 (excluding acquisitions) due to sharply lower diesel fuel prices.
- Revenue from our Business Units (excluding fuel surcharge and acquisitions) declined by \$6.4 million (YTD – \$18.4 million) due to a more normalized pricing environment and from lower freight volumes, particularly in eastern Canada.
- Incremental revenue of \$11.3 million (YTD – \$26.3 million) from acquisitions in 2023 somewhat offset the segment revenue declines noted above.



Direct Operating Expenses

LTL												
(unaudited) (\$ millions)	Three month periods ended September 30						Nine month periods ended September 30					
	2023		2022		Change		2023		2022		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Company												
Wages and benefits	42.6	23.5	39.2	20.9	3.4	8.7	123.4	23.0	113.6	21.0	9.8	8.6
Fuel	15.0	8.3	19.2	10.2	(4.2)	(21.9)	48.0	9.0	61.0	11.3	(13.0)	(21.3)
Repairs and maintenance	17.7	9.8	16.0	8.5	1.7	10.6	50.4	9.4	46.1	8.5	4.3	9.3
Purchased transportation	41.2	22.7	45.6	24.3	(4.4)	(9.6)	123.4	23.0	133.7	24.7	(10.3)	(7.7)
Operating supplies	2.7	1.5	2.6	1.4	0.1	3.8	8.3	1.5	7.5	1.4	0.8	10.7
Other	5.2	2.9	4.4	2.3	0.8	18.2	15.2	3.0	13.5	2.5	1.7	12.6
	124.4	68.7	127.0	67.6	(2.6)	(2.0)	368.7	68.9	375.4	69.4	(6.7)	(1.8)
Contractors	7.1	56.8	8.3	61.5	(1.2)	(14.5)	25.5	58.2	28.3	61.0	(2.8)	(9.9)
Total	131.5	67.7	135.3	67.1	(3.8)	(2.8)	394.2	67.9	403.7	68.7	(9.5)	(2.4)

*as a percentage of respective LTL revenue

DOE during the quarter declined by \$3.8 million to \$131.5 million as compared to \$135.3 million in 2022, primarily due to a \$7.4 million decline in segment revenue.

- As a percentage of segment revenue these expenses increased slightly by 0.6 percent to 67.7 percent from 67.1 percent in 2022 due to higher Company costs.
- Company costs decreased in absolute dollar terms due to lower Company revenue. As a percentage of Company revenue these expenses increased by 1.1 percent to 68.7 percent from 67.6 percent in 2022 due to higher wages, and repairs and maintenance costs resulting from inflationary pressures.
- Contractors costs decreased by \$1.2 million due to the \$1.0 million decline in Contractors revenue. Contractors costs as a percentage of Contractors revenue decreased to 56.8 percent from 61.5 percent in 2022 due to the greater availability of subcontractors in certain markets.

For the nine month period, DOE declined to \$394.2 million, as compared to \$403.7 million in 2022 due to a \$7.5 million decline in segment revenue.

- As a percentage of segment revenue these expenses decreased by 0.8 percent to 67.9 percent from 68.7 percent in 2022 due to lower Company and Contractors costs.
- Company costs decreased in absolute dollar terms due to lower Company revenue. As a percentage of Company revenue these costs decreased by 0.5 percent to 68.9 percent from 69.4 percent in 2022 due to lower purchased transportation associated with more efficient operations, and lower fuel costs resulting from the decline in diesel fuel prices. These decreases were somewhat offset by higher wages, and repairs and maintenance costs resulting from inflationary pressures.
- Contractors costs as a percentage of Contractors revenue decreased to 58.2 percent from 61.0 percent in 2022 due to the greater availability of subcontractors in certain markets.



Selling and Administrative Expenses

LTL												
(unaudited) (\$ millions)	Three month periods ended September 30						Nine month periods ended September 30					
	2023		2022		Change		2023		2022		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Wages and benefits	17.6	9.1	15.5	7.7	2.1	13.5	51.6	8.9	46.2	7.9	5.4	11.7
Communications, utilities and general supplies	7.8	4.0	7.0	3.5	0.8	11.4	25.3	4.4	23.0	3.9	2.3	10.0
Profit share	1.6	0.8	2.0	1.0	(0.4)	(20.0)	4.6	0.8	5.0	0.9	(0.4)	(8.0)
Foreign exchange	—	—	—	—	—	—	—	—	—	—	—	—
Rent and other	1.2	0.6	0.7	0.3	0.5	71.4	3.9	0.6	3.4	0.5	0.5	14.7
Total	28.2	14.5	25.2	12.5	3.0	11.9	85.4	14.7	77.6	13.2	7.8	10.1

*as a percentage of total LTL revenue

S&A expenses increased to \$28.2 million (YTD – \$85.4 million) in 2023 as compared to \$25.2 million (YTD – \$77.6 million) in 2022.

- The increase of \$3.0 million (YTD – \$7.8 million) was due to incremental S&A expenses of \$2.3 million (YTD – \$5.5 million) associated with acquisitions and higher costs associated with wages, utilities and general supplies due to inflationary pressures.
- As a percentage of segment revenue these expenses increased to 14.5 percent (YTD – 14.7 percent) as compared to 12.5 percent (YTD – 13.2 percent) in 2022 due to a combination of lower segment revenue and the relatively fixed nature of S&A expenses.

OIBDA

- This segment generated OIBDA of \$34.5 million in the third quarter of 2023, a decrease of \$6.6 million, or 16.1 percent, as compared to \$41.1 million in 2022 due to a more normalized pricing environment in 2023 and from lower freight volumes predominately in eastern Canada.
- Operating margin¹ in the third quarter of 2023 declined by 2.6 percent to 17.8 percent as compared to 20.4 percent in the prior year period, primarily due to lower margins experienced by the acquisition of B&R and higher S&A expenses as a percentage of segment revenue, which resulted from lower segment revenue and the fixed nature of S&A expenses.
- For the nine month period, this segment generated OIBDA of \$100.8 million, a decrease of \$5.8 million as compared to \$106.6 million in 2022 due to a more normalized pricing environment in 2023 and from lower freight volumes predominately in eastern Canada.
- Operating margin¹ for the nine month period declined by 0.7 percent to 17.4 percent as compared to 18.1 percent in 2022 due to lower margins experienced by the acquisition of B&R and higher S&A expenses as a percentage of segment revenue.
- The financial results of B&R contributed to 1.1 percent (YTD – 0.6 percent) of the overall decline in segment operating margins¹ in 2023.

Capital Expenditures

LTL						
(unaudited) (\$ millions)	Three month periods ended September 30			Nine month periods ended September 30		
	2023	2022	Change	2023	2022	Change
	\$	\$	\$	\$	\$	\$
Purchase of property, plant and equipment	9.7	3.6	6.1	27.7	16.4	11.3
Proceeds on sale of property, plant and equipment	(0.4)	(0.1)	(0.3)	(1.2)	(1.0)	(0.2)
Net capital expenditures ¹	9.3	3.5	5.8	26.5	15.4	11.1

- The majority of the capital invested in 2023 consisted of trucks and trailers to support growth opportunities as well as to replace some older less efficient equipment.

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





Highlights for the Quarter

The main macro related trends continued to dominate the freight and logistics market during the quarter. A slowdown in economic activity, consumers shifting spending patterns towards leisure and travel, lower fuel surcharge revenues, and inventory rebalancing by shippers in an attempt to bring inventory levels back into balance after the excesses of 2022, all contributed to a decline in segment revenues and competitive pricing pressures year over year. Last year's results also included the hydrovac business, that was subsequently sold in late 2022 as the assets were deemed non-core to Mullen Group. Despite these challenges and events, the L&W segment generated solid results primarily due to the diversification of service offerings, along with the fact that the majority of the L&W Business Units service the western Canadian marketplace, which continues to benefit from capital inflows, investment, and net emigration trends.

Market Outlook

We still have seen no evidence that the "freight recession" will end in the short term. There are indications that the demand for full truckload shipments has finally stabilized, primarily due to inventory levels being back in balance. This, however, does not mean that the freight industry is poised to recover. Our concern remains end demand, which continues to be a challenge as the economy adjusts to the stresses of higher interest rates and a slow growth economy. In addition, there is an ample supply of carriers still clinging to the hope that business and rates will improve. Our view remains that until there is a shrinkage in supply, either through business failure or industry consolidation, this part of the logistics market will continue to underperform. Under this scenario we will continue to reduce costs and streamline operations to ensure margins are maintained. We constantly evaluate acquisition opportunities, but only if the new opportunity is an industry leader or we can identify synergies.

Revenue

L&W												
(unaudited) (\$ millions)	Three month periods ended September 30						Nine month periods ended September 30					
	2023		2022		Change		2023		2022		Change	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Company	65.2	47.6	70.2	44.9	(5.0)	(7.1)	202.6	47.8	211.3	46.4	(8.7)	(4.1)
Contractors	71.5	52.2	85.7	54.8	(14.2)	(16.6)	220.2	51.9	243.1	53.4	(22.9)	(9.4)
Other	0.4	0.2	0.4	0.3	—	—	1.3	0.3	1.1	0.2	0.2	18.2
Total	137.1	100.0	156.3	100.0	(19.2)	(12.3)	424.1	100.0	455.5	100.0	(31.4)	(6.9)

Segment revenue in 2023 decreased to \$137.1 million (YTD – \$424.1 million) as compared to \$156.3 million (YTD – \$455.5 million) in 2022.

- Excluding fuel surcharge, revenue declined by \$12.4 million (YTD – \$18.3 million) as compared to the prior year period, which was mainly due to the impacts of the freight recession and from a \$1.1 million (YTD – \$5.8 million) decrease in revenue resulting from the sale of our hydrovac business in the fourth quarter of 2022.
- Fuel surcharge revenue decreased by \$5.7 million (YTD – \$7.3 million) to \$16.2 million (YTD – \$49.1 million) in 2023 due to sharply lower diesel fuel prices.



Direct Operating Expenses

L&W												
(unaudited) (\$ millions)	Three month periods ended September 30						Nine month periods ended September 30					
	2023		2022		Change		2023		2022		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Company												
Wages and benefits	14.9	22.9	15.3	21.8	(0.4)	(2.6)	43.7	21.6	45.8	21.7	(2.1)	(4.6)
Fuel	5.7	8.7	6.6	9.4	(0.9)	(13.6)	17.0	8.4	21.2	10.0	(4.2)	(19.8)
Repairs and maintenance	6.9	10.6	7.1	10.1	(0.2)	(2.8)	21.6	10.7	20.9	9.9	0.7	3.3
Purchased transportation	8.8	13.5	9.6	13.7	(0.8)	(8.3)	26.0	12.8	29.5	14.0	(3.5)	(11.9)
Operating supplies	4.6	7.1	4.7	6.7	(0.1)	(2.1)	18.0	8.9	15.1	7.1	2.9	19.2
Other	2.0	3.0	2.2	3.1	(0.2)	(9.1)	6.2	3.0	6.8	3.2	(0.6)	(8.8)
	42.9	65.8	45.5	64.8	(2.6)	(5.7)	132.5	65.4	139.3	65.9	(6.8)	(4.9)
Contractors	51.5	72.0	62.0	72.3	(10.5)	(16.9)	157.9	71.7	177.4	73.0	(19.5)	(11.0)
Total	94.4	68.9	107.5	68.8	(13.1)	(12.2)	290.4	68.5	316.7	69.5	(26.3)	(8.3)

*as a percentage of respective L&W revenue

DOE during the quarter declined by \$13.1 million to \$94.4 million as compared to \$107.5 million in 2022, primarily due to a \$19.2 million decline in segment revenue.

- As a percentage of segment revenue these expenses remained fairly consistent at 68.9 percent as compared to 68.8 percent in 2022 due to lower Contractors costs.
- Company costs increased slightly as a percentage of Company revenue due to higher wages resulting from inflationary pressures. This increase was somewhat offset by lower fuel costs resulting from the decline in diesel fuel prices and from lower purchased transportation costs due to more efficient operations.
- Contractors costs, as a percentage of Contractors revenue decreased due to the greater availability of subcontractors in certain markets.

For the nine month period, DOE declined to \$290.4 million, as compared to \$316.7 million in 2022 due to a \$31.4 million decline in segment revenue.

- As a percentage of segment revenue these expenses decreased by 1.0 percent to 68.5 percent from 69.5 percent in 2022 due to lower Contractors and Company costs.
- Company costs decreased as a percentage of Company revenue due to lower fuel costs resulting from the decline in diesel fuel prices and from lower purchased transportation costs due to more efficient operations.
- Contractors costs, as a percentage of Contractors revenue decreased due to the greater availability of subcontractors in certain markets.



Selling and Administrative Expenses

L&W												
(unaudited) (\$ millions)	Three month periods ended September 30						Nine month periods ended September 30					
	2023		2022		Change		2023		2022		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Wages and benefits	10.6	7.7	10.4	6.7	0.2	1.9	32.2	7.6	31.2	6.8	1.0	3.2
Communications, utilities and general supplies	3.6	2.6	3.6	2.3	—	—	12.1	2.9	11.8	2.6	0.3	2.5
Profit share	1.6	1.2	2.1	1.3	(0.5)	(23.8)	5.5	1.3	5.8	1.3	(0.3)	(5.2)
Foreign exchange	(0.2)	(0.1)	(0.6)	(0.4)	0.4	(66.7)	(0.2)	—	(0.8)	(0.2)	0.6	(75.0)
Rent and other	0.3	0.2	0.6	0.4	(0.3)	(50.0)	1.2	0.2	2.1	0.5	(0.9)	(42.9)
Total	15.9	11.6	16.1	10.3	(0.2)	(1.2)	50.8	12.0	50.1	11.0	0.7	1.4

*as a percentage of total L&W revenue

S&A expenses decreased to \$15.9 million (YTD – \$50.8 million) in 2023 as compared to \$16.1 million (YTD – \$50.1 million) in 2022.

- The decrease of \$0.2 million was due to lower profit share expense offset by higher inflationary costs associated with wages and the negative variance in foreign exchange.
- As a percentage of segment revenue these expenses increased to 11.6 percent (YTD – 12.0 percent) as compared to 10.3 percent (YTD – 11.0 percent) in 2022 due to a combination of lower segment revenue and the relatively fixed nature of S&A expenses.

OIBDA

- This segment generated OIBDA of \$26.8 million in the third quarter of 2023, a decrease of \$5.9 million, or 18.0 percent, as compared to \$32.7 million in 2022 due to lower freight volumes.
- Operating margin¹ in the third quarter of 2023 decreased to 19.5 percent as compared to 20.9 percent in 2022, primarily due to the combination of lower segment revenue and the fixed nature of S&A expenses.
- For the nine month period, this segment generated OIBDA of \$82.9 million, a \$5.8 million decrease as compared to \$88.7 million in 2022 due to the impacts of the freight recession and the sale of our hydrovac business.
- Operating margin¹ for the nine month period remained consistent at 19.5 percent as compared to the prior year period, primarily due to lower DOE as a percentage of segment revenue resulting from our ability to use owner operators and subcontractors more efficiently.

Capital Expenditures

L&W						
(unaudited) (\$ millions)	Three month periods ended September 30			Nine month periods ended September 30		
	2023	2022	Change	2023	2022	Change
	\$	\$	\$	\$	\$	\$
Purchase of property, plant and equipment	6.9	6.5	0.4	19.7	16.6	3.1
Proceeds on sale of property, plant and equipment	(0.8)	(0.6)	(0.2)	(2.4)	(2.8)	0.4
Net capital expenditures ¹	6.1	5.9	0.2	17.3	13.8	3.5

- The majority of the capital invested in 2023 consisted of trucks, trailers and various pieces of operating equipment to replace some older less efficient equipment.

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





SPECIALIZED & INDUSTRIAL SERVICES

Highlights for the Quarter

Activity levels in the S&I segment remained robust in the quarter despite fluctuating commodity prices and some production curtailments by oil and gas companies due to continued wildfires in western Canada.

Revenue generated in the S&I segment was up by over 15.0 percent on a year over year basis, even with the elimination of the non-core hydrovac business that was sold at the end of 2022. The Drilling and Drilling Related Business Units, which includes results from our three most recent acquisitions, all of which are tied to this space, recorded the largest increase in revenue. This was followed by the collective results of our Production Services Business Units, which experienced increased turnaround work. These increases were offset by a reduction in revenues reported by the Specialized Services Business Units, most notably from Premay Pipeline Hauling L.P. ("**Premay Pipeline**"), which continues to witness a reduction in activity levels as large diameter pipeline construction projects in western Canada near completion.

The S&I segment reported a 20.7 percent increase in OIBDA on a year over year basis and improved operating margin¹ to 23.7 percent as compared to the prior year's 22.6 percent, despite the elimination of the higher margin non-core hydrovac business at the end of 2022. Once again, the Drilling and Drilling Related Business Units led the improvement in OIBDA reflecting increased activity in this vertical, improved pricing along with the earnings reported by the recent acquisitions. The Production Services Business Units reported improved OIBDA as pricing has held in reasonably well. The segment's results were negatively impacted by the Specialized Services Business Units, most of which came from Premay Pipeline and the corresponding reduction in activity levels.

Market Outlook

It would appear that investment into the energy and mining sectors will continue to increase as global geopolitical tensions remain elevated for the foreseeable future and commodity prices remain at or near current levels. Canada is well situated to take advantage of this increased investment. We note that the winding down of large pipeline construction projects in western Canada will be followed by oil and gas companies ramping up exploration and production investments, which will directly benefit our Drilling Related and Production Services Business Units. As well, we have initiated phase 3 of our integration plan for the B&R energy services business, which includes a newly installed leadership team and improved operational alignment to better meet our customers' needs, which we expect will improve operating results.

Revenue

S&I												
(unaudited) (\$ millions)	Three month periods ended September 30						Nine month periods ended September 30					
	2023		2022		Change		2023		2022		Change	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Company	99.2	79.1	87.2	80.1	12.0	13.8	270.0	78.1	235.7	80.6	34.3	14.6
Contractors	25.8	20.6	21.5	19.8	4.3	20.0	74.5	21.6	56.2	19.2	18.3	32.6
Other	0.4	0.3	0.1	0.1	0.3	300.0	1.0	0.3	0.7	0.2	0.3	42.9
Total	125.4	100.0	108.8	100.0	16.6	15.3	345.5	100.0	292.6	100.0	52.9	18.1

Segment revenue in the third quarter of 2023 increased by \$16.6 million, or 15.3 percent, to \$125.4 million as compared to \$108.8 million in 2022.

- Acquisitions added incremental revenue of \$16.3 million.
- Greater activity levels in the Western Canadian Sedimentary Basin ("**WCSB**") resulted in higher revenue by our drilling related services Business Units and from those involved in the transportation of fluids and servicing of wells. Canadian Dewatering L.P. ("**Canadian Dewatering**") also experienced greater demand for their services.
- Fuel surcharge revenue decreased by \$2.3 million to \$1.7 million as compared to the prior year period.
- The sale of our hydrovac assets and business in the fourth quarter of 2022 accounted for a \$1.6 million reduction in revenue and we also experienced lower demand for pipeline hauling and stringing services at Premay Pipeline.

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



In the first nine months of 2023, segment revenue increased by \$52.9 million to \$345.5 million as compared to \$292.6 million in 2022.

- Acquisitions added incremental revenue of \$38.9 million.
- This segment experienced a \$20.8 million increase in revenue (excluding acquisitions, the hydrovac business and fuel surcharge) due to a strong first quarter of 2023. Greater revenue was generated by our drilling related services Business Units; and stronger demand for civil construction services, and pipeline hauling and stringing services were also experienced at Smook Contractors Ltd. and Premay Pipeline, respectively. Canadian Dewatering also experienced greater demand for their services.
- Fuel surcharge revenue decreased by \$3.0 million as compared to the prior year period.
- The sale of our hydrovac assets and business accounted for a \$3.8 million reduction in revenue.

Direct Operating Expenses

S&I												
(unaudited) (\$ millions)	Three month periods ended September 30						Nine month periods ended September 30					
	2023		2022		Change		2023		2022		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Company												
Wages and benefits	24.7	24.9	20.8	23.9	3.9	18.8	68.0	25.2	57.4	24.4	10.6	18.5
Fuel	6.4	6.5	6.5	7.5	(0.1)	(1.5)	18.7	6.9	20.2	8.6	(1.5)	(7.4)
Repairs and maintenance	15.4	15.5	14.3	16.4	1.1	7.7	44.9	16.6	38.9	16.5	6.0	15.4
Purchased transportation	3.0	3.0	0.8	0.9	2.2	275.0	5.8	2.1	2.0	0.8	3.8	190.0
Operating supplies	11.1	11.2	12.4	14.2	(1.3)	(10.5)	35.2	13.0	35.5	15.1	(0.3)	(0.8)
Other	2.2	2.2	2.0	2.2	0.2	10.0	6.3	2.5	5.7	2.4	0.6	10.5
	62.8	63.3	56.8	65.1	6.0	10.6	178.9	66.3	159.7	67.8	19.2	12.0
Contractors	21.6	83.7	17.5	81.4	4.1	23.4	61.8	83.0	45.7	81.3	16.1	35.2
Total	84.4	67.3	74.3	68.3	10.1	13.6	240.7	69.7	205.4	70.2	35.3	17.2

*as a percentage of respective S&I revenue

DOE during the quarter increased by \$10.1 million to \$84.4 million as compared to \$74.3 million in 2022, primarily due to a \$16.6 million increase in segment revenue.

- As a percentage of segment revenue these expenses decreased by 1.0 percent to 67.3 percent from 68.3 percent in 2022 due to lower Company costs being somewhat offset by higher Contractors costs.
- Company costs increased in absolute dollar terms due to higher Company revenue. Company costs decreased as a percentage of Company revenue due to lower repairs and maintenance costs, lower fuel expenses resulting from the decline in diesel fuel prices and lower operating supplies due to a reduction in turnaround and maintenance work.
- Contractors costs, as a percentage of Contractors revenue, increased as compared to the prior year period due to the greater proportion of low margin subcontractors' costs associated with civil construction and pipeline hauling and stringing services.

For the nine month period, DOE increased to \$240.7 million, as compared to \$205.4 million in 2022 due to a \$52.9 million increase in segment revenue.

- As a percentage of segment revenue these expenses decreased by 0.5 percent to 69.7 percent from 70.2 percent in 2022 due to lower Company costs being somewhat offset by higher Contractors costs.
- Company costs increased in absolute dollar terms due to higher Company revenue. As a percentage of Company revenue these costs decreased by 1.5 percent to 66.3 percent from 67.8 percent in 2022 due to lower fuel costs resulting from the decline in diesel fuel prices and lower operating supplies. These decreases were somewhat offset by higher wages resulting from inflationary pressures.
- Contractors costs as a percentage of Contractors revenue increased to 83.0 percent from 81.3 percent in 2022 due to a greater proportion of low margin subcontractors' costs associated with civil construction and pipeline hauling and stringing services.



Selling and Administrative Expenses

S&I												
(unaudited) (\$ millions)	Three month periods ended September 30						Nine month periods ended September 30					
	2023		2022		Change		2023		2022		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Wages and benefits	6.1	4.9	5.2	4.8	0.9	17.3	18.0	5.2	15.8	5.4	2.2	13.9
Communications, utilities and general supplies	3.3	2.6	2.9	2.7	0.4	13.8	10.7	3.1	9.0	3.1	1.7	18.9
Profit share	1.6	1.3	1.6	1.5	—	—	4.0	1.2	3.5	1.2	0.5	14.3
Foreign exchange	—	—	—	—	—	—	—	—	—	—	—	—
Rent and other	0.3	0.2	0.2	0.1	0.1	50.0	1.4	0.4	0.5	0.1	0.9	180.0
Total	11.3	9.0	9.9	9.1	1.4	14.1	34.1	9.9	28.8	9.8	5.3	18.4

*as a percentage of total S&I revenue

S&A expenses were \$11.3 million (YTD – \$34.1 million) in 2023 as compared to \$9.9 million (YTD – \$28.8 million) in 2022.

- The increase of \$1.4 million (YTD – \$5.3 million) was due to \$1.2 million (YTD – \$2.8 million) of incremental S&A expenses from acquisitions and higher inflationary costs associated with wages, utilities and general supplies.
- As a percentage of segment revenue these expenses remained fairly consistent with the prior year periods at 9.0 percent (YTD – 9.9 percent) as compared to 9.1 percent (YTD – 9.8 percent) in 2022.

OIBDA

- The segment generated OIBDA of \$29.7 million, an increase of \$5.1 million as compared to \$24.6 million in 2022. Acquisitions added \$3.6 million of incremental OIBDA, which was somewhat offset by the sale of the Corporation's hydrovac assets and lower OIBDA at Premay Pipeline.
- Operating margin¹ improved in the third quarter as compared to the prior year period on lower DOE as greater activity levels resulted in more efficient operations along with rate increases being implemented at several Business Units.
- For the nine month period, this segment generated OIBDA of \$70.7 million, an increase of \$12.3 million, or 21.1 percent, as compared to \$58.4 million in 2022. The increase was mainly due to rate increases implemented at several Business Units, greater demand for drilling related services and the transportation of fluids and servicing of wells, which resulted from increased activity levels in the WCSB. Acquisitions added \$8.0 million of incremental OIBDA. These increases were somewhat offset by the sale of the Corporation's hydrovac assets.
- Operating margin¹ for the nine month period in 2023 increased slightly to 20.5 percent as compared to 20.0 percent in the prior year period.

Capital Expenditures

S&I						
(unaudited) (\$ millions)	Three month periods ended September 30			Nine month periods ended September 30		
	2023	2022	Change	2023	2022	Change
	\$	\$	\$	\$	\$	\$
Purchase of property, plant and equipment	7.1	2.0	5.1	21.2	8.0	13.2
Proceeds on sale of property, plant and equipment	(2.4)	(1.4)	(1.0)	(6.9)	(5.3)	(1.6)
Net capital expenditures ¹	4.7	0.6	4.1	14.3	2.7	11.6

- The majority of the capital invested in 2023 consisted of pumps, generators and water management equipment to support demand at Canadian Dewatering; to replenish operating equipment for those Business Units involved in the transportation of fluids, servicing of wells and drilling related services; and to increase our disposal capacity at Envolv Energy Services Corp.

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





U.S. & INTERNATIONAL LOGISTICS

Highlights for the Quarter

The US 3PL segment's operating results were consistent in this quarter to what we had forecasted in the second quarter of 2023. Revenues were down compared to the prior year reflecting the slowdown in freight volumes in the U.S. market and a more competitive pricing environment than the previous year. HAUListic continued to effectively manage pricing with its contractor carriers, however, OIBDA for the quarter was down marginally as compared to the prior year, primarily due to slightly higher DOE.

Market Outlook

As we enter the last quarter of 2023, there are signs that the inventory rebalancing by retailers has taken hold along with full-load shipments showing signs of stabilization. However, there still remains a supply/demand imbalance in trucking capacity in the U.S. market with the availability of trucks exceeding the amount of freight to be moved. This provides an opportunity for our team to aggressively negotiate favourable rates for our customers. We also remain diligent on enhancing our proprietary transportation management system, SilverExpress™, and adding independent station agents to the sales network.

Revenue

US 3PL												
(unaudited) (\$ millions)	Three month periods ended September 30						Nine month periods ended September 30					
	2023		2022		Change		2023		2022		Change	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Company	—	—	—	—	—	—	—	—	—	—	—	—
Contractors	48.8	100.0	54.7	100.0	(5.9)	(10.8)	150.6	100.0	169.2	100.0	(18.6)	(11.0)
Other	—	—	—	—	—	—	—	—	—	—	—	—
Total	48.8	100.0	54.7	100.0	(5.9)	(10.8)	150.6	100.0	169.2	100.0	(18.6)	(11.0)

Segment revenue in the third quarter and first nine months of 2023 decreased by \$5.9 million (YTD – \$18.6 million) to \$48.8 million (YTD – \$150.6 million) as compared to \$54.7 million (YTD – \$169.2 million) in 2022 due to lower freight demand for full truckload shipments.

Direct Operating Expenses

US 3PL												
(unaudited) (\$ millions)	Three month periods ended September 30						Nine month periods ended September 30					
	2023		2022		Change		2023		2022		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Company												
Wages and benefits	—	—	—	—	—	—	—	—	—	—	—	—
Fuel	—	—	—	—	—	—	—	—	—	—	—	—
Repairs and maintenance	—	—	—	—	—	—	—	—	—	—	—	—
Purchased transportation	—	—	—	—	—	—	—	—	—	—	—	—
Operating supplies	—	—	—	—	—	—	—	—	—	—	—	—
Other	0.2	—	0.2	—	—	—	0.6	—	0.7	—	(0.1)	(14.3)
	0.2	—	0.2	—	—	—	0.6	—	0.7	—	(0.1)	(14.3)
Contractors	44.2	90.6	49.3	90.1	(5.1)	(10.3)	136.0	90.3	153.5	90.7	(17.5)	(11.4)
Total	44.4	91.0	49.5	90.5	(5.1)	(10.3)	136.6	90.7	154.2	91.1	(17.6)	(11.4)

*as a percentage of respective US 3PL revenue

DOE were \$44.4 million (YTD – \$136.6 million) in 2023 as compared to \$49.5 million (YTD – \$154.2 million) in 2022. The decrease of \$5.1 million (YTD – \$17.6 million) was due to the \$5.9 million (YTD – \$18.6 million) decrease in segment revenue.



- As a percentage of segment revenue these expenses increased in the third quarter of 2023 as compared to the prior year period due to the timing of when contract freight rates were entered into with customers as compared to spot market pricing and the availability of contractors in the open market, which resulted in lower margins.
- For the nine month period, Contractors expense as a percentage of Contractors revenue decreased to 90.3 percent from 90.7 percent due to the greater availability of subcontractors in 2023 as compared to the prior year period.
- HAUListic, a non-asset based 3PL provider, 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.

Selling and Administrative Expenses

US 3PL												
(unaudited) (\$ millions)	Three month periods ended September 30						Nine month periods ended September 30					
	2023		2022		Change		2023		2022		Change	
	\$	%*	\$	%*	\$	%	\$	%*	\$	%*	\$	%
Wages and benefits	2.4	4.9	2.5	4.6	(0.1)	(4.0)	7.2	4.8	6.8	4.0	0.4	5.9
Communications, utilities and general supplies	0.7	1.4	1.0	1.8	(0.3)	(30.0)	2.6	1.7	2.6	1.5	—	—
Profit share	—	—	0.1	0.2	(0.1)	(100.0)	0.1	0.1	0.2	0.1	(0.1)	(50.0)
Foreign exchange	(0.2)	(0.4)	(0.4)	(0.7)	0.2	(50.0)	—	—	(0.5)	(0.3)	0.5	(100.0)
Rent and other	0.4	0.9	0.5	0.9	(0.1)	(20.0)	0.9	0.6	1.1	0.7	(0.2)	(18.2)
Total	3.3	6.8	3.7	6.8	(0.4)	(10.8)	10.8	7.2	10.2	6.0	0.6	5.9

*as a percentage of total US 3PL revenue

S&A expenses were \$3.3 million (YTD – \$10.8 million) in 2023 as compared to \$3.7 million (YTD – \$10.2 million) in 2022.

- The \$0.4 million decrease in the third quarter of 2023 as compared to the prior year period was due to lower salaries and general supplies due to implementing certain cost control initiatives.
- For the nine month period, the \$0.6 million increase in S&A expenses was due to the negative impacts of foreign exchange and from higher wages due to adding support staff to continue the development of SilverExpress™.
- As a percentage of segment revenue these expenses remained consistent at 6.8 percent as compared to the prior year period.
- For the nine month period, S&A expenses as a percentage of segment revenue increased to 7.2 percent from 6.0 percent due to the combination of lower segment revenue and the relatively fixed nature of these expenses.

OIBDA

- In the third quarter of 2023, this segment generated OIBDA of \$1.1 million (YTD – \$3.2 million), a decrease of \$0.4 million (YTD – \$1.6 million) as compared to \$1.5 million (YTD – \$4.8 million) in 2022.
- Operating margin¹ declined in the third quarter primarily due to higher DOE as a percentage of revenue.
- Operating margin¹ for the nine month period declined by 0.7 percent to 2.1 percent as compared to 2.8 percent in 2022 due to higher S&A expenses as a percentage of segment revenue.
- Operating margin¹ as a percentage of net revenue² in the third quarter of 2023 was 25.0 percent (YTD – 22.9 percent) as compared to 28.8 percent (YTD – 32.0 percent) in 2022.

Capital Expenditures

This asset light operating segment did not have any capital expenditures or dispositions and therefore generates cash in excess of its operating needs.

CORPORATE

The Corporate Office recorded a loss of \$3.5 million (YTD – \$8.6 million) in 2023 as compared to a loss of \$1.8 million (YTD – \$6.2 million) in 2022. The \$1.7 million (YTD – \$2.4 million) increase in loss was mainly attributable to a \$1.1 million (YTD – \$1.7 million) negative variance in foreign exchange. Corporate Office costs also increased due to higher salaries and information technology expenses.

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

(unaudited) (\$ millions)	Nine month periods ended September 30			
	2023		2022	
Net cash from operating activities	\$	171.8	\$	162.5
Net cash used in financing activities		(85.2)		(98.3)
Net cash used in investing activities		(86.1)		(52.9)
Change in cash and cash equivalents		0.5		11.3
Effect of exchange rate fluctuations on cash held		0.1		(2.6)
Cash and cash equivalents, beginning of period		8.8		—
Cash and cash equivalents, end of period	\$	9.4	\$	8.7

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 \$171.8 million in 2023 as compared to \$162.5 million in 2022. The increase of \$9.3 million was mainly due to using less cash in 2023 to finance working capital requirements. This increase was somewhat offset by a greater amount of cash taxes being paid in 2023, which resulted from paying the final taxes owing related to fiscal 2022 due to our strong financial performance last year.

Cash Used In Financing Activities

Net cash used in financing activities was \$85.2 million in 2023 as compared to using \$98.3 million in 2022. This \$13.1 million variance was mainly due to the change in the amounts being borrowed on our Credit Facilities (as hereafter defined on page 29). This change was somewhat offset by an increase in cash used to repay debt associated with the acquisition of B&R, to repurchase and cancel Common Shares under the NCIB, to pay dividends to common shareholders, pay interest obligations and repay lease liabilities.

Cash Used In Investing Activities

Net cash used in investing activities increased to \$86.1 million in 2023 as compared to \$52.9 million in 2022. This \$33.2 million increase was mainly due to a \$27.7 million increase in net capital expenditures¹ as well as an increase in cash used on acquisitions.

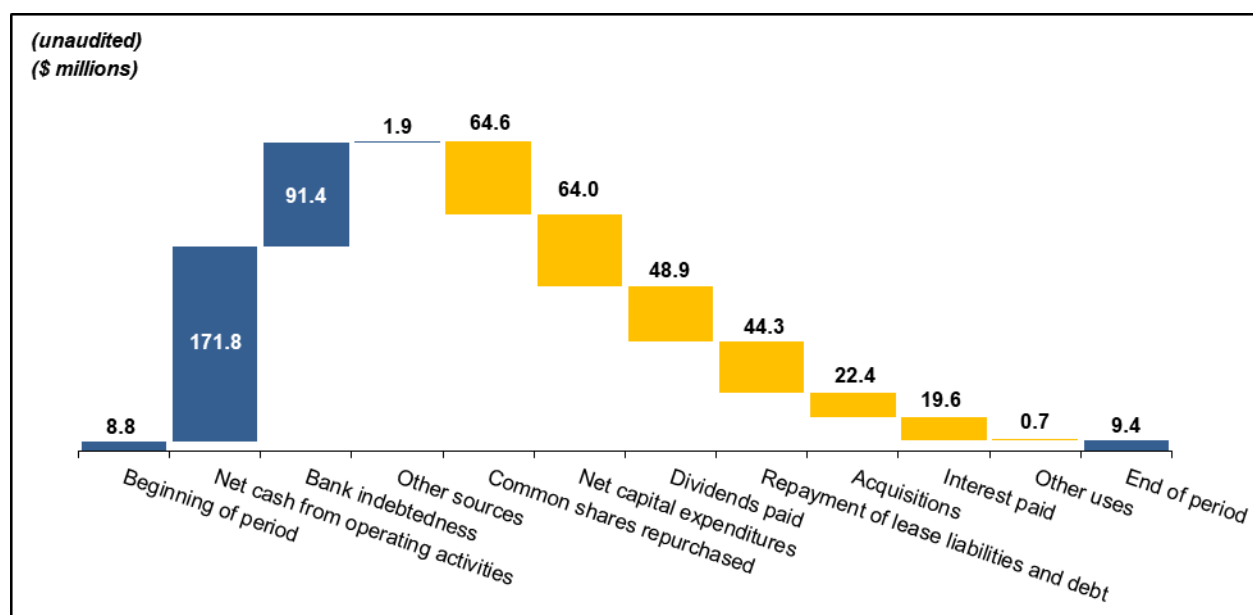
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¹ Refer to the section entitled "Other Financial Measures".

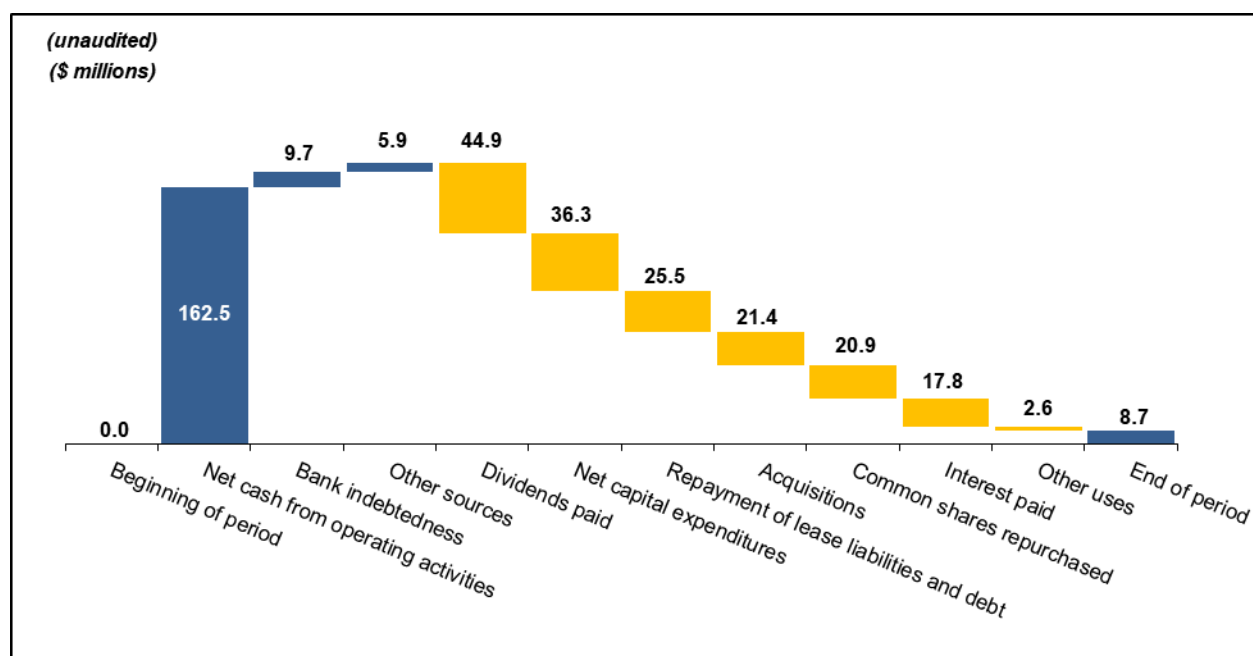


The following charts present the sources and uses of cash for comparative purposes.

Nine month period ended September 30, 2023



Nine month period ended September 30, 2022



Working Capital

At September 30, 2023, we had \$91.9 million (December 31, 2022 – \$140.3 million) of working capital, which included \$114.2 million of amounts drawn on the Credit Facilities (as hereafter defined on page 29) (December 31, 2022 – \$22.8 million). This working capital also includes a current liability of \$26.5 million (December 31, 2022 – \$21.0 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 NCIB program, the 2023 dividend, the 2023 capital budget, as well as various special projects and acquisition opportunities.



DEBT AND CONTRACTUAL OBLIGATIONS

Private Placement Debt

The details of our debt can be found on page 39 of the 2022 MD&A. As at September 30, 2023, our debt has not changed significantly from those details.

Mullen Group, has financial covenants associated with its Private Placement Debt. As evidenced by the table below, we are in compliance with our financial covenants.

Financial Covenants	Financial Covenant Threshold	September 30 2023	June 30 2023	March 31 2023	December 31 2022
Private Placement Debt Covenants					
(a) Total net debt ¹ to operating cash flow cannot exceed	3.50:1	1.98:1	1.95:1	1.74:1	1.67:1
(b) Total earnings available for fixed charges to total fixed charges cannot be less than	1.75:1	10.51:1	10.93:1	11.45:1	10.89:1

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

Total net debt¹ to operating cash flow was 1.98:1 at September 30, 2023. Assuming the \$649.8 million of total net debt¹ remains constant, we would need to generate approximately \$185.6 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 September 30, 2023, the priority debt was \$0.3 million or an insignificant percentage of total assets.

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.

Credit Facilities

On October 1, 2021, we entered into a 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. The CIBC Credit Facility is unsecured although MT has granted an unlimited guarantee of any indebtedness owing on the CIBC Credit Facility. 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**"). MT has granted an unlimited guarantee of any indebtedness owing on the RBC Credit Facility. As at September 30, 2023, there was \$114.2 million drawn on the CIBC Credit Facility and the RBC Credit Facility (collectively, the "**Credit Facilities**").

Contractual Obligations

An overview of Mullen Group's contractual obligations can be found on page 41 of the 2022 MD&A. As at September 30, 2023, Mullen Group's contractual obligations have not changed significantly from this overview.

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



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, 2022	92,953,005	\$ 845.3
Common Shares repurchased and cancelled	(4,384,337)	(40.9)
Common Shares issued on acquisition	57,180	0.8
Balance at September 30, 2023	88,625,848	\$ 805.2

At September 30, 2023, there were 88,625,848 Common Shares outstanding representing \$805.2 million in share capital. In 2023 we repurchased and cancelled 4,384,337 Common Shares under the NCIB program.

In 2023 we issued 57,180 Common Shares as partial consideration for the acquisition of Butler Ridge.

Stock Option Plan

	Options	Weighted average exercise price
Outstanding – December 31, 2022	3,755,000	\$ 16.47
Granted	235,000	14.58
Expired	(150,000)	(22.86)
Forfeited	(145,000)	(16.40)
Outstanding – September 30, 2023	3,695,000	\$ 16.09
Exercisable – September 30, 2023	2,145,000	\$ 19.10

There are 3,072,500 stock options available to be issued under our stock option plan. In 2023 we granted 235,000 stock options at a weighted average exercise price of \$14.58. In 2023 there were 150,000 stock options that had expired and 145,000 stock options were forfeited. As at September 30, 2023, Mullen Group had 3,695,000 stock options outstanding under the stock option plan.

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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⁾	2023			2022			2021
(unaudited)		Q3	Q2	Q1	Q4	Q3	Q2	Q1
(\$ millions, except per share amounts)								
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	1,998.8	504.0	494.3	497.8	502.7	518.4	521.5	456.9
OIBDA	326.6	88.6	83.4	77.0	77.6	98.1	93.9	60.3
Net income	168.8	39.1	36.5	31.7	61.5	38.0	42.7	16.4
Earnings per share								
Basic	1.85	0.44	0.41	0.34	0.66	0.41	0.46	0.17
Diluted	1.76	0.42	0.39	0.33	0.62	0.39	0.43	0.17
Other Information								
Net foreign exchange (gain) loss	(5.5)	(0.2)	(1.7)	(1.5)	(2.1)	8.4	1.2	3.3
Decrease (increase) in fair value of investments	(0.4)	(0.2)	(0.1)	0.3	(0.4)	0.4	0.1	(0.2)

⁽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 third quarter of 2023 decreased by \$14.4 million to \$504.0 million as compared to \$518.4 million in 2022. This decrease was mainly due to a reduction in fuel surcharge revenue, and a decline in demand for most freight services, predominately in the L&W segment. These decreases were somewhat offset by incremental revenue from acquisitions and from greater demand for services within the S&I segment. Net income in the third quarter was \$39.1 million, an increase of \$1.1 million from the \$38.0 million of net income generated in 2022. The \$1.1 million increase in net income was mainly attributable to a positive variance in net foreign exchange and a decrease in income tax expense being somewhat offset by a decrease in OIBDA.

Consolidated revenue in the second quarter of 2023 decreased by \$27.2 million to \$494.3 million as compared to \$521.5 million in 2022. This decrease was mainly due to a reduction in fuel surcharge revenue and a decline in demand for most freight services. These decreases were somewhat offset by incremental revenue from acquisitions. Net income in the second quarter was \$36.5 million, a decrease of \$6.2 million from the \$42.7 million of net income generated in 2022. The \$6.2 million decrease in net income was mainly attributable to a decrease in OIBDA being somewhat offset by a positive variance in net foreign exchange and a decrease in income tax expense.

Consolidated revenue in the first quarter of 2023 was a record as compared to any previous first quarter and increased by \$40.9 million to \$497.8 million as compared to \$456.9 million in 2022. This increase was mainly due to an increase in fuel surcharge revenue, general rate increases along with steady demand for freight services and from incremental revenue from acquisitions. Net income in the first quarter was \$31.7 million, an increase of \$15.3 million from the \$16.4 million of net income generated in 2022. The \$15.3 million increase in net income was mainly attributable to an increase in OIBDA being somewhat offset by an increase in income tax expense.

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.



TRANSACTIONS WITH RELATED PARTIES

A description of transactions with related parties can be found on page 47 of the 2022 MD&A. As at September 30, 2023, the transactions with related parties have not changed significantly from these descriptions.

All of the transactions with related parties occurred in the normal course of operations with terms consistent with those offered to arms-length parties and are measured at the exchange amount. Mullen Group has no long-term contracts with any related party other than the \$4.9 million of Debentures held by directors and officers of Mullen Group as at December 31, 2022.

PRINCIPAL RISKS AND UNCERTAINTIES

A description of principal risks and uncertainties can be found beginning on page 48 of the 2022 MD&A. As at September 30, 2023, these risks and uncertainties, identified as strategic, financial and operational risks have not changed significantly from those descriptions.

CRITICAL ACCOUNTING ESTIMATES

This MD&A summarizes Mullen Group's financial condition and results of operations and is based upon our Interim Financial Statements, which have been prepared in accordance with IFRS and comply with IAS 34 Interim Financial Reporting. The Interim Financial Statements require management to select significant accounting policies and make certain critical accounting estimates that affect the reported assets, liabilities, revenue and expenses. A description of critical accounting estimates can be found beginning on page 62 of the 2022 MD&A. As at September 30, 2023, our critical accounting estimates have not changed significantly from such description.

SIGNIFICANT ACCOUNTING POLICIES

New Standards and Interpretations Not Yet Adopted

A description of new standards and interpretations not yet adopted can be found on page 64 of the 2022 MD&A. There have been no new standards or interpretations issued during 2023 that significantly impact Mullen Group.

Changes in Accounting Policies

There have been no changes to our accounting policies in 2023 as compared to those disclosed in our Annual Financial Statements.

DISCLOSURE AND INTERNAL CONTROLS

Disclosure Controls and Internal Controls over Financial Reporting

As at September 30, 2023, 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 September 30, 2023, 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 September 30, 2023.

Based on this evaluation, the SEO and the SAO concluded that internal control over financial reporting was effective as at September 30, 2023, 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 September 30, 2023, 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 2023 plan; to acquire companies and strive to improve their performance; to purchase for cancellation up to 8,644,508 Common Shares in the open market under our 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 5. 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 a positive outlook for the next quarter and near term, as referred to in the Outlook within the Consolidated Financial Results section beginning on page 7. This forward-looking statement is based on our recent channel checks indicating that consumer demand has stabilized, which even at today's levels is very good news, and that the inventory rebalancing cycle has found a bottom. These are strong indicators that overall freight demand, while perhaps not growing in the near term, will remain near current levels providing support for our LTL and L&W segments. In addition, we view energy and mining as growth opportunities, verticals within the Canadian economy in which we have a strong presence. Longer term we will continue to gain market share through the effective use of leading technologies and acquisitions that strengthen our overall business.
- Mullen Group's comment that we are of the view that freight volumes and LTL segment revenues will remain near current levels for the foreseeable future, as referred to in the LTL segment Market Outlook beginning on page 16. This forward-looking statement is based upon conversations we have had with major shippers and from our view that the job market and overall economic activity remain healthy, important factors determining future demand for LTL shipments. Within this context we will focus on improving margins by reducing costs where practical, improving productivity through the continued investment in technology, and by combining underperforming Business Units, like the B&R LTL business, with high performing Business Units. Future growth will be dependent upon a successful acquisition strategy.
- Mullen Group's view remains that until there is a shrinkage in supply, either through business failure or industry consolidation this part of the logistics market will continue to underperform and that we still have seen no evidence that the "freight recession" will end in the short term, as referred to in the L&W segment Market Outlook beginning on page 19. This forward-looking statement is based on the assumption that there are indications that the demand for full truckload shipments has finally stabilized, primarily due to inventory levels being back in balance. This, however, does not mean that the freight industry is poised to recover. Our concern remains end demand, which continues to be a challenge as the economy adjusts to the stresses of higher interest rates and a slow growth economy. In addition, there is ample supply of carriers still clinging to the hope that business and rates will improve. Under this scenario we will continue to reduce costs and streamline operations to ensure margins are maintained. We constantly evaluate acquisition opportunities, but only if the new opportunity is an industry leader or we can identify synergies.
- Mullen Group's comment that it would appear that investment into the energy and mining sectors will continue to increase, as referred to in the S&I segment Market Outlook beginning on page 22. This forward-looking statement is based on the assumption that global geopolitical tensions remain elevated for the foreseeable future and commodity prices remain at or near current levels. Canada is well situated to take advantage of this increased investment. We note that the winding down of large pipeline construction projects in western Canada will be followed by oil and gas companies ramping up exploration and production investments, which will directly benefit our Drilling Related and Production Services Business Units.
- Mullen Group's comment that we expect to improve the operating results of B&R's energy service business, as referred to in the S&I segment Market Outlook beginning on page 22. This forward-looking statement is based on the assumption that we have initiated phase 3 of our integration plan for the B&R energy services business, which includes a newly installed leadership team and improved operational alignment to better meet our customers' needs.
- Mullen Group's comment that there are signs that the inventory rebalancing by retailers has taken hold along with full-load shipments showing signs of stabilization, as referred to in the US 3PL segment Market Outlook beginning on page 25. This forward-looking statement is based on the assumption that there still remains a supply/demand imbalance in trucking capacity in the U.S. market with the availability of trucks exceeding the amount of freight to be moved. This provides an opportunity for our team to aggressively negotiate favourable rates for our customers. We also remain diligent on enhancing our proprietary transportation management system, SilverExpress™, and adding independent station agents to the sales network.
- 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 NCIB program, 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 27. 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.sedarplus.ca. 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 Interim Financial Statements attached and referred to in this MD&A were prepared according to IFRS. References to net income – adjusted, earnings per share – adjusted, and net revenue are not measures recognized by IFRS and do not have standardized meanings prescribed by IFRS. 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 revenue.

Net Income – Adjusted and Earnings per Share – Adjusted

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

(unaudited) (\$ millions, except share and per share amounts)	Three month periods ended September 30		Nine month periods ended September 30	
	2023	2022	2023	2022
Income before income taxes	\$ 51.0	\$ 53.9	\$ 141.4	\$ 134.3
Add (deduct):				
Net foreign exchange (gain) loss	(0.2)	8.4	(3.4)	12.9
Change in fair value of investments	(0.2)	0.4	—	0.3
Loss on fair value of equity investment	—	—	0.6	—
Income before income taxes – adjusted	50.6	62.7	138.6	147.5
Income tax rate	25%	25%	25%	25%
Computed expected income tax expense	12.6	15.7	34.6	36.9
Net income – adjusted	38.0	47.0	104.0	110.6
Weighted average number of Common Shares outstanding – basic	88,737,882	92,901,163	90,439,968	93,493,945
Earnings per share – adjusted	\$ 0.43	\$ 0.51	\$ 1.15	\$ 1.18

Net Revenue

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

(unaudited) (\$ millions)	Three month periods ended September 30		Nine month periods ended September 30	
	2023	2022	2023	2022
Revenue	\$ 48.8	\$ 54.7	\$ 150.6	\$ 169.2
Direct operating expenses	44.4	49.5	136.6	154.2
Net Revenue	\$ 4.4	\$ 5.2	\$ 14.0	\$ 15.0



OTHER FINANCIAL MEASURES

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

Supplementary Financial Measures

Supplementary financial measures are financial measures disclosed by a company that (a) are, or are intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of a company, (b) are not disclosed in the financial statements of a company, (c) are not non-IFRS financial measures, and (d) are not non-IFRS ratios. The 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 September 30		Nine month periods ended September 30	
	2023	2022	2023	2022
OIBDA	\$ 88.6	\$ 98.1	\$ 249.0	\$ 252.3
Revenue	\$ 504.0	\$ 518.4	\$ 1,496.1	\$ 1,496.8
Operating margin	17.6%	18.9%	16.6%	16.9%

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 September 30		Nine month periods ended September 30	
	2023	2022	2023	2022
Purchase of property, plant and equipment	\$ 23.8	\$ 15.9	\$ 74.4	\$ 49.1
Proceeds on sale of property, plant and equipment	(3.0)	(3.7)	(10.4)	(12.8)
Net capital expenditures	\$ 20.8	\$ 12.2	\$ 64.0	\$ 36.3

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 September 30		Nine month periods ended September 30	
	2023	2022	2023	2022
Net cash from operating activities	\$ 49.6	\$ 95.7	\$ 171.8	\$ 162.5
Weighted average number of Common Shares outstanding	88,737,882	92,901,163	90,439,968	93,493,945
Cash flow per share	\$ 0.56	\$ 1.03	\$ 1.90	\$ 1.74



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 condensed 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.

<i>(unaudited)</i> (\$ millions)	September 30, 2023
Private Placement Debt	\$ 480.4
Lease liabilities (including the current portion)	101.3
Bank indebtedness	114.2
Letters of credit	2.2
Long-term debt (including the current portion)	0.9
Total debt	699.0
Less: unrealized gain on Cross-Currency Swaps	(49.2)
Add: unrealized loss on Cross-Currency Swaps	—
Total net debt	\$ 649.8

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