# ANNUAL FINANCIAL REVIEW


# 2024

# CONTENTS

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

This MD&A, dated February 12, 2025, has been prepared by management of Mullen Group Ltd. ("**Mullen Group**" and/or the "**Corporation**") for the fiscal year ended December 31, 2024, and should be read in conjunction with the audited annual consolidated financial statements for the fiscal year ended December 31, 2024 (the "**Annual Financial Statements**"). Unless otherwise specified, information in this MD&A is provided as at such date and any reference to "Mullen Group", "we", "us", "our" or the "Corporation" means Mullen Group Ltd., a corporation incorporated under the laws of the province of Alberta and includes its predecessors where context so requires. The Annual Financial Statements and other additional information on Mullen Group, including the Annual Information Form dated February 12, 2025, are available on the Corporation's issuer profile on SEDAR+ at www.sedarplus.ca and on our website at www.mullen-group.com. Such documents are also available upon request, free of charge, from the Corporate Investor Services group at ir@mullen-group.com. This MD&A and the Annual Financial Statements were reviewed by Mullen Group's Audit Committee and approved by the Board of Directors (the "**Board**") on February 12, 2025.

The Annual Financial Statements have been prepared in accordance with and comply with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**") (collectively, "**IFRS Accounting Standards**"). Unless otherwise indicated, all amounts contained in this MD&A are in Canadian funds, which is the functional currency of the Corporation.

*ADVISORY:*

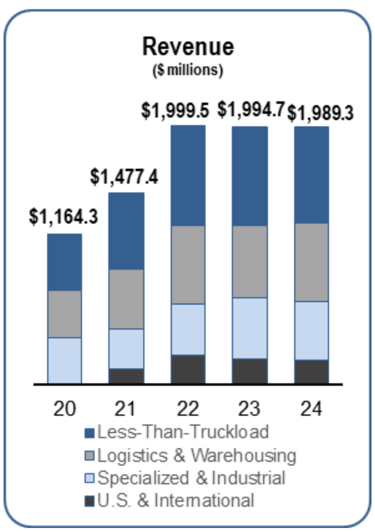
***Forward-looking statements*** *– This MD&A reflects management's expectations regarding Mullen Group's future growth, financial condition, results of operations, performance, business prospects, strategies and opportunities and contains forward-looking statements and forward-looking information (collectively, "**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, operational, human resources and information technology risks, most important of which are: (i) strategic risks which include but are not limited to e-commerce and supply chain evolution; 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; acquisitions; competition; environmental, social and governance ("**ESG**"); failure to maintain innovation; (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; liquidity and access to financing; reliance on major customers; impairment of goodwill or intangible assets; credit risk; (iii) operational risks which include but are not limited to cost escalation and fuel costs; potential operating risks and insurance; business continuity, disaster recovery and crisis management; environmental liability risks; weather and seasonality; access to parts and relationships with key suppliers; (iv) human resources risks which include but are not limited to leadership and succession; employee management and labour relations; and (v) information technology risks which include but are not limited to cyber security; infrastructure, software and cloud services; complexity and efficiency. Given these risks and uncertainties, readers should not place undue reliance on the forward-looking statements contained in this MD&A. Readers are cautioned that the foregoing list of factors and risks is not exhaustive. Additional information on these and other factors and risks that could affect the operations or financial results of Mullen Group may be found under the heading "Principal Risks and Uncertainties" starting on page 48 as well as in reports on file with applicable securities regulatory authorities and may be accessed through the Corporation's issuer profile on SEDAR+ at www.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 69 of this MD&A.*

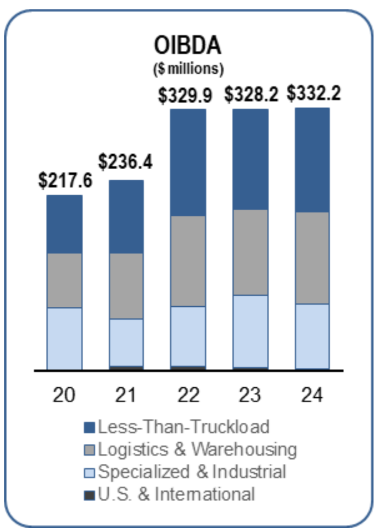
***Non-IFRS Financial Measures and Other Financial Measures*** *– Mullen Group reports on certain non-IFRS financial measures and ratios, which do not have a standard meaning under IFRS Accounting Standards and, therefore, may not be comparable to similar measures presented by other issuers. Management uses these non-IFRS financial measures and ratios in its evaluation of performance and believes these are useful supplementary measures. We provide shareholders and potential investors with certain non-IFRS financial measures and ratios to evaluate our ability to fund our operations and provide information regarding liquidity. Specifically, net income – adjusted[1], earnings per share – adjusted[1], and net revenue[1] are not measures recognized by IFRS Accounting Standards and do not have standardized meanings prescribed by IFRS Accounting Standards. 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 Accounting Standards. Investors are cautioned that these indicators should not replace the forgoing IFRS Accounting Standards terms: net income, earnings per share and revenue. See the "Other Financial Measures" section for supplementary financial measures disclosed by the Corporation.*

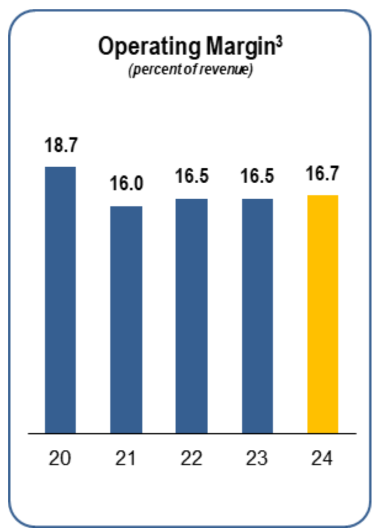
[1] Refer to the section entitled "Non-IFRS Financial Measures".

# HIGHLIGHTS

| FINANCIAL PERFORMANCE: | Years ended December 31 | | |
|---|---|---|---|
| *($ millions, except share price and per share amounts)* | **2024** | **2023** | **2022** |
| **Revenue** | | | |
| Less-Than-Truckload | **$ 750.4** | $ 770.4 | $ 778.7 |
| Logistics & Warehousing | **607.0** | 564.9 | 609.3 |
| Specialized & Industrial Services | **457.1** | 468.0 | 400.6 |
| U.S. & International Logistics | **184.5** | 198.3 | 221.8 |
| Corporate and intersegment eliminations | **(9.7)** | (6.9) | (10.9) |
| **Total Revenue** | **$ 1,989.3** | $ 1,994.7 | $ 1,999.5 |
| | | | |
| **OIBDA**[1] | | | |
| Less-Than-Truckload | **$ 135.4** | $ 130.7 | $ 138.4 |
| Logistics & Warehousing | **119.9** | 112.0 | 119.1 |
| Specialized & Industrial Services | **84.9** | 95.3 | 77.5 |
| U.S. & International Logistics | **2.7** | 3.6 | 5.7 |
| Corporate | **(10.7)** | (13.4) | (10.8) |
| **Total OIBDA** | **$ 332.2** | $ 328.2 | $ 329.9 |
| | | | |
| **Net Income & Share Information** | | | |
| Net income | **$ 112.3** | $ 136.7 | $ 158.6 |
| Earnings per share – basic | **$ 1.28** | $ 1.52 | $ 1.70 |
| Earnings per share – diluted | **$ 1.23** | $ 1.45 | $ 1.62 |
| Net income – adjusted[2] | **$ 119.6** | $ 134.4 | $ 164.2 |
| Earnings per share – adjusted[2] | **$ 1.36** | $ 1.49 | $ 1.76 |
| Net cash from operating activities | **$ 296.1** | $ 276.8 | $ 263.0 |
| Net cash from operating activities per share[3] | **$ 3.37** | $ 3.08 | $ 2.82 |
| Cash dividends declared per Common Share | **$ 0.77** | $ 0.72 | $ 0.68 |
| Share price – December 31 | **$ 14.58** | $ 14.04 | $ 14.55 |




[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:

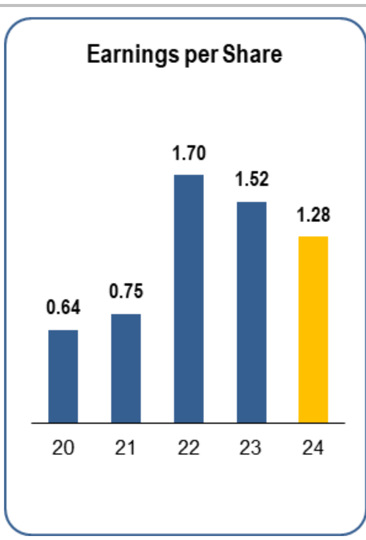
| (unaudited) ($ millions) | As at December 31 2024 $ | 2023 $ | 2022 $ |
|---|---|---|---|
| Cash (bank indebtedness) – net | **126.3** | (70.7) | (14.0) |
| Working capital (deficit) | **281.5** | (119.1)* | 140.3 |
| Private Placement Debt – non-current portion | **649.2** | 230.8 | 480.7 |
| Convertible debentures – debt component | **120.5** | 118.1 | 115.8 |
| Lease liabilities – non-current portion | **184.3** | 72.8 | 70.9 |
| Total assets | **2,332.5** | 2,041.7 | 1,996.1 |

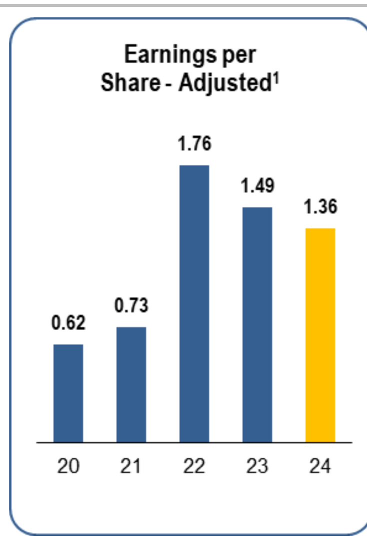
* *Working capital deficit was due to the impact of reclassifying $217.2 million of Private Placement Debt notes (net of Cross-Currency Swaps) that matured in October 2024. These notes were repaid with the new debt entered into in July 2024.*

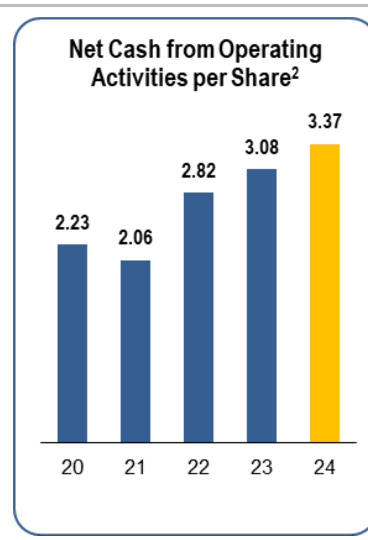
- Well-structured balance sheet.
  - Issued 2024 Notes by way of private placement of $300.0 million at 5.93 percent per annum and U.S. $75.0 million at 6.5 percent per annum that mature in July 2034.
  - Working capital of $281.5 million including $126.3 million of cash.
- Repaid $217.2 million of Private Placement Debt (net of Cross-Currency Swaps) on October 22, 2024, the original maturity date.
- Undrawn New Bank Credit Facilities with a borrowing capacity of $525.0 million.
- Real estate – historical cost of $659.3 million.

## 2024 PROGRESS:

- Generated record OIBDA of $332.2 million, revenue of $2.0 billion and earnings per share – basic of $1.28 per share.
- Return on equity was 11.3 percent in 2024 as compared to 14.0 percent in 2023.
- Increased the monthly dividend by 16.7 percent to $0.07, equating to an annualized dividend of $0.84 per Common Share.
- Invested $73.0 million towards gross capital expenditures, including $5.8 million of capital to support our sustainability goals.
- Completed five acquisitions, including ContainerWorld Forwarding Services Inc., a Richmond, British Columbia based provider of integrated supply chain solutions to the alcoholic beverage and hospitality industries, and Pacific Northwest Investments Inc., a Northern Alberta and Yukon based provider of less-than-truckload solutions.
- Repurchased and cancelled 493,028 Common Shares for $6.5 million, representing an average price of $13.16.




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

# 2025 BUSINESS PLAN AND SUBSEQUENT EVENT

**2025 BUSINESS PLAN[1]:**

**Generate consolidated revenue of $2.2 billion**

**Achieve operating earnings of $350 million**

**Dividends of $0.84 per share per annum, paid monthly at $0.07 per share**

**PRIORITIES:**

1. **Operational Excellence**
   a. *Prioritize Margin over Market Share:* Work with Business Units to optimize operations and drive process improvements.
   b. *Capital Investments:* $100.0 million in new, more efficient operating assets, exclusive of corporate acquisitions.
      - $85.0 million: Operating Capital – to improve our Business Units
      - $10.0 million: Real Estate – invest in facilities, land and buildings
      - $5.0 million: Sustainability Focused Capital – continued focus on emission reduction
2. **Pursue Acquisitions:**
   - Identify acquisition targets that meet our precision-based acquisition strategy
   - Tuck-ins: opportunities that make our existing Business Units more profitable
   - Strategic: opportunities to expand our network
3. **Invest in Technology**
   - Continue to focus on enhancing our operating systems with new technology and artificial intelligence.
4. **Dividends:**
   - Use free cash generated in 2025 to maintain our dividend at $0.07 per Common Share each month, or $0.84 per Common Share on an annualized basis.
5. **Normal Course Issuer Bid ("NCIB"):**
   - Continue to repurchase shares pursuant to our normal course issuer bid ("NCIB"), when the Board is of the view that the underlying intrinsic value of the Corporation may not be reflected in the current market price of its Common Shares.
   - In March 2025, we intend to request approvals from the Toronto Stock Exchange ("**TSX**") to renew our NCIB program.

## Subsequent Event

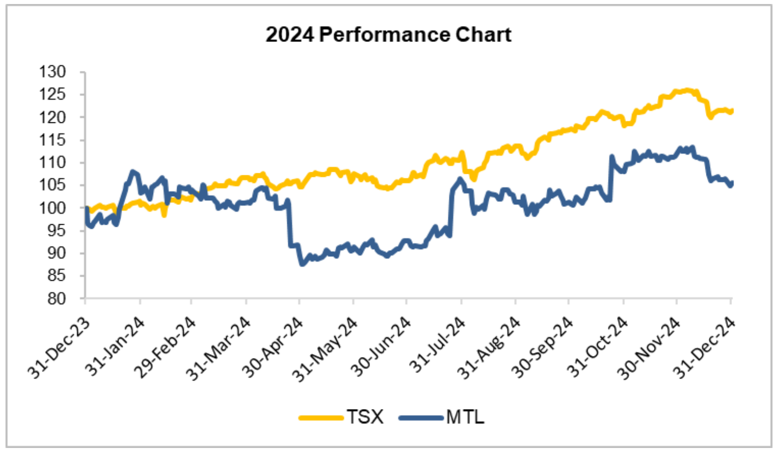
On February 1, 2025, the President of the United States issued executive orders to impose new tariffs on goods being imported into the United States from Canada, Mexico and China. If implemented, these new tariffs could negatively impact the Canadian economy, consumer spending, inflation, the Canadian dollar and the Corporation's financial results.

[1] The operating results outlined consist of our expectation to deploy approximately $150.0 million of cash available towards acquisitions in 2025 and that our existing Business Units will generate financial results largely consistent with 2024 and the 2025 plan. The Corporation's expectation is that new acquisitions will enable us to achieve our 2025 Business Plan.

# SHAREHOLDER INFORMATION

## Share Performance

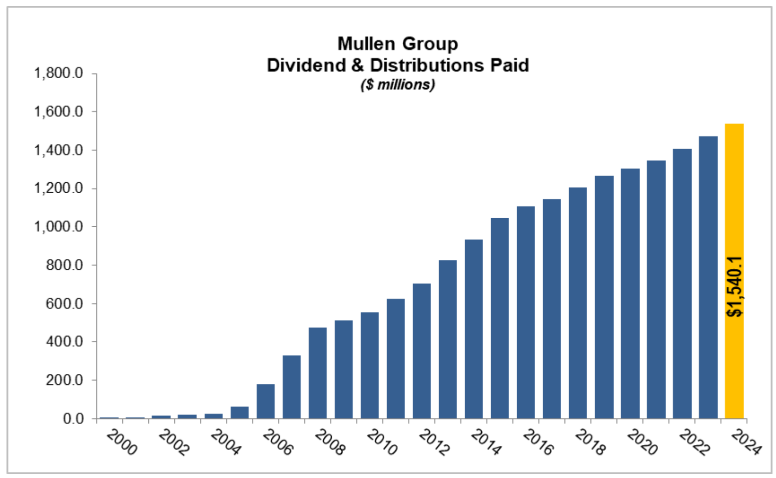
Mullen Group's shares are listed on the TSX under the trading symbol MTL. The following graph illustrates the cumulative return of our Common Shares for 2024, assuming an initial investment of $100 on December 31, 2023, compared to the S&P/TSX Composite Total Return Index, assuming the reinvestment of all declared dividends.




**5.56 percent cumulative return in 2024**

## Dividends and Distributions Paid

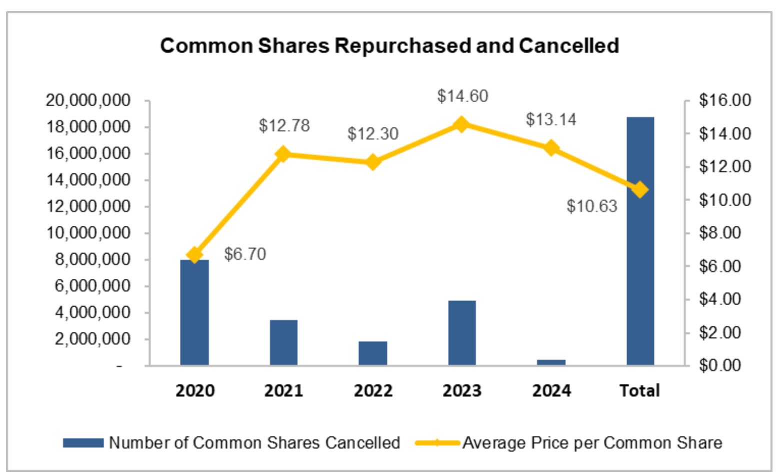
Mullen Group generates substantial free cash in excess of our operating needs allowing us to return cash to shareholders through monthly dividends. The following chart summarizes our dividends and distributions paid to shareholders over the past 24 years.




**$1.5 billion paid over 24 years**

## Share Buyback Program

Mullen Group believes that the underlying value of the Corporation may not be reflected in the current market prices of its Common Shares and may represent an attractive investment and benefit investors that hold an equity interest in the Corporation. The following chart summarizes the repurchases and cancelling of Common Shares over the past 5 years.




**18,735,217 Common Shares cancelled for $199.2 million over 5 years**

# MULLEN GROUP AT A GLANCE

## Corporate Profile

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

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

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 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 and excellence in safety, and provide a quality work environment for all employees.

## Objective – Maximize Shareholder Value

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

1. **Focused Growth**

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

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

   Since going public in 1993, Mullen Group, and its predecessors the Mullen Group Income Fund and Mullen Transportation Inc., have grown annual revenues from $72.6 million in 1993 to $2.0 billion in 2024. During this period over 87 acquisitions have been completed.

2. **Return Free Cash to Shareholders**

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

   During 2024, we declared dividends of $0.77 per Common Share (2023 – $0.72). In December 2024, we announced our intention to pay annual dividends of $0.84 per Common Share ($0.07 per Common Share on a monthly basis) for 2025.

3. **Maintain a Well-Structured Balance Sheet**

   We strive to maintain a balance sheet structured in such a manner to ensure that sufficient liquidity is maintained to allow us to meet our liabilities and corporate objectives under both normal and stressed conditions. In terms of liabilities, we maintain sufficient liquidity to not only meet our obligations when due, but to avoid incurring unacceptable losses or risking damage to our reputation. Furthermore, we have balanced our equity with a reasonable proportionate use of structured long-term debt. Most notably, we use Private Placement Debt (as hereafter defined on page 15), which matures in 2026 and 2034 and has a 3.5 times total net debt[1] to operating cash flow (as hereafter defined on page 40) covenant. For more information refer to the *Debt and Contractual Obligations* section beginning on page 39.

4. **Strive for Operational Excellence**

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

5. **Operate a Decentralized Business Model**

   We operate a decentralized business model that is non-hierarchical in nature. Each Business Unit is held accountable for its own performance and results. The management and employees of the Business Units are remunerated based upon the performance of their respective business. Corporate Office provides overall support to the Business Units by coordinating business strategies, monitoring financial and business performance and providing shared services on an as-needed basis.

6. **We Prefer to Own the Real Estate**

   The Corporate Office has invested significantly in real estate holdings and operating facilities, mainly for use by the Business Units. The carrying costs of such holdings at December 31, 2024, was $659.3 million (2023 – $651.8 million).

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

## Corporate Office

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

## Human Resources

As at December 31, 2024, approximately 8,070 people were employed or engaged by the Business Units and at Corporate Office. These people include owner operators and dedicated subcontractors engaged by the Business Units. This compares to approximately 7,400 people in 2023. The increase is mainly due to the acquisitions of ContainerWorld Forwarding Services Inc. and Pacific Northwest Investments Inc.

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

# OPERATING SEGMENTS

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

## LTL *Less-Than-Truckload*

The LTL segment is comprised of 12 regionally based Business Units focused on providing less-than-truckload ("**LTL**") shipments to over 5,500 communities throughout central and western Canada. Our extensive terminal network is generally regarded as one of the largest LTL networks in Canada, serving local and regional markets with a first and final mile service.

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

**LTL Segment:**

| | | Number of Units | | |
|---|---|---|---|---|
| **Business Unit** | **Primary Service Region** | **Power Units** | **Trailers** | **Other*** |
| APPS Cargo Terminals Inc.[1] | Western Canada | 136 | 130 | 60 |
| APPS Cartage Inc. | Ontario | 125 | 314 | 363 |
| Argus Carriers Ltd. | Lower Mainland British Columbia | 70 | 59 | 15 |
| Gardewine Group Limited Partnership | Manitoba and Ontario | 1,000 | 2,017 | 493 |
| Grimshaw Trucking L.P.[2] | Northern Alberta | 158 | 388 | 71 |
| Hi-Way 9 Express Ltd.[2] | Alberta | 318 | 648 | 77 |
| Jay's Transportation Group Ltd. | Saskatchewan | 207 | 368 | 169 |
| Number 8 Freight Ltd. | Lower Mainland British Columbia | 30 | — | 9 |
| Pacific Coast Express Limited | Western Canada | 42 | 77 | 16 |
| Pacific Northwest Investments Inc.[3] | Northern Alberta and Yukon | 92 | 73 | 35 |
| West Direct Express Ltd. | Southern Alberta | 53 | 3 | 160 |
| Willy's Trucking Service | Northern Alberta and Northeastern British Columbia | 55 | 117 | 30 |
| **Total** | | **2,286** | **4,194** | **1,498** |

* *Other includes operating equipment such as pick-ups, warehousing and yard equipment.*
[1] *On January 1, 2023, the operations of 24/7 The Storehouse (2015) Ltd. were integrated into APPS Cargo Terminals Inc.*
[2] *On January 1, 2024, the LTL operations of B. & R. Eckel's Transport Ltd. were integrated into Grimshaw Trucking L.P. and Hi-Way 9 Express Ltd.*
[3] *Acquired effective December 1, 2024.*

## *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, specialized transportation, warehousing, fulfillment centres that handle e-commerce transactions, transload facilities designed to handle intermodal containers and bulk shipments, and full truckload. 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.

### L&W Segment:

| | | Number of Units | | |
|---|---|---|---|---|
| **Business Unit** | **Primary Service Provided** | **Power Units** | **Trailers** | **Other*** |
| Bandstra Transportation Systems Ltd. | Irregular Route Truckload and Specialized Transportation & LTL | 218 | 379 | 77 |
| Caneda Transport Ltd. | Irregular Route Truckload & LTL | 73 | 96 | 15 |
| Cascade Carriers L.P. | Dry Bulk Freight | 86 | 382 | 14 |
| ContainerWorld Forwarding Services Inc.[1] | Integrated supply chain solutions to the alcoholic beverage and hospitality industries | 111 | 181 | 253 |
| DWS Logistics Inc. | Value-Added Warehousing and Distribution Services | — | — | 60 |
| International Warehousing & Distribution Inc. | Value-Added Warehousing, Drayage and Distribution Services | 52 | 82 | 3 |
| Kleysen Group Ltd. | Irregular Route Truckload, Multi-Modal and Intermodal | 244 | 868 | 945 |
| Mullen Trucking Corp. | Irregular Route Truckload and Specialized Transportation | 78 | 125 | 29 |
| Payne Transportation Ltd.[2] | Irregular Route Truckload and Specialized Transportation | 170 | 291 | 17 |
| Tenold Transportation Ltd. | Irregular Route Truckload and Specialized Transportation | 41 | 51 | 30 |
| Tri Point Intermodal Services Inc. | Intermodal Transportation, Drayage and Storage Services | 49 | 143 | 5 |
| **TOTAL** | | **1,122** | **2,598** | **1,448** |

* *Other includes operating equipment such as pick-ups, rail cars, containers, warehousing and yard equipment.*
[1] *Acquired effective May 1, 2024.*
[2] *On January 1, 2024, the operations of RDK Transportation Co. Inc. were integrated into Payne Transportation Ltd.*

*[The remainder of this page intentionally left blank.]*

### *Specialized & Industrial Services*

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

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

## S&I Segment:

| | | Number of Units | | |
|---|---|---|---|---|
| **Business Unit** | **Primary Service Provided** | **Power Units** | **Trailers** | **Other*** |
| B. & R. Eckel's Transport Ltd.[1] | Rig Relocation Services / Drill Pipe Transportation and Warehousing | 174 | 671 | 136 |
| Babine Truck & Equipment Ltd. | Original Equipment Manufacturer Parts and Services Dealer | 2 | — | 9 |
| Butler Ridge Energy Services (2011) Ltd.[2] | Fluid Management Services | 2 | 22 | 27 |
| Canadian Dewatering L.P. | Water Management Services | 3 | 43 | 2,013 |
| Cascade Energy Services L.P. | Production Services, Turnaround and Industrial Cleaning Services | 228 | 419 | 103 |
| Cordova Oilfield Services Ltd. | Drill Pipe / Fluid Transportation and Warehousing | 41 | 48 | 14 |
| E-Can Oilfield Services L.P. | Fluid Transportation | 104 | 92 | 49 |
| Envolve Energy Services Corp. | Processing and Disposal of Oilfield Fluids | — | — | 3 |
| Formula Powell L.P. | Mud / Fluid Transportation & Warehousing | 15 | 99 | 61 |
| Heavy Crude Hauling L.P. | Fluid Transportation | 110 | 230 | 25 |
| Mullen Oilfield Services L.P. | Rig Relocation Services / Drill Pipe Transportation and Warehousing | 116 | 230 | 59 |
| OK Drilling Services L.P.[3] | Conductor Pipe Setting | — | — | 2 |
| Premay Equipment L.P. | Specialized Heavy Haul | 31 | 317 | 38 |
| Premay Pipeline Hauling L.P. | Large Diameter Pipe Transportation | 53 | 164 | 61 |
| Smook Contractors Ltd. | Civil Construction | 43 | 95 | 96 |
| Spearing Service L.P. | Fluid Transportation | 185 | 470 | 44 |
| TREO Drilling Services L.P.[3] | Core Drilling | 9 | 64 | 38 |
| **TOTAL** | | **1,116** | **2,964** | **2,778** |

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

1 *Acquired May 1, 2023.*

2 *Acquired March 1, 2023.*

3 *Commenced winding up the operations and selling the assets of OK Drilling Services L.P. and TREO Drilling Services L.P.*

### *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 subcontractor carriers. HAUListic, a non-asset based 3PL provider, does not own any operating assets other than its 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. HAUListic uses the services of contractors to transport tendered freight shipments whereby all freight is moved through a network of licensed and certified contractors.

**US 3PL Segment:**

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

A more detailed description of the Business Units is set forth in the Annual Information Form, which is dated February 12, 2025, 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.

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# ALLOCATING SHAREHOLDER CAPITAL

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

## Acquisitions

| | |
|---|---|
| **THE PLAN** | Acquire companies and strive to improve their performance. |
| **2024 INVESTMENTS** | ContainerWorld Forwarding Services Inc. ("**ContainerWorld**")<br>• Acquired effective May 1, 2024, for total cash consideration of $21.1 million for all of the outstanding shares including its operating subsidiaries.<br>• An integrated supply chain solutions company to the alcoholic beverage and hospitality industries.<br>• Operates a network of customs and sufferance bonded warehouses, providing inventory management, freight forwarding, warehousing and distribution services in British Columbia and Ontario.<br>• Financial results included within the L&W segment. |
| | Pacific Northwest Investments Inc. ("**PNW**")<br>• Acquired effective December 1, 2024, for total cash consideration of $19.2 million for all of the outstanding shares including its operating subsidiaries and real estate.<br>• Offers multiple LTL solutions to its customer base including temperature controlled, dry van and deck as well as local "last mile" delivery services.<br>• Operating from two owned terminals in Whitehorse, Yukon; and Edmonton, Alberta.<br>• Financial results included within the LTL segment. |
| | Chariot Express Ltd. ("**Chariot**"); 7121326 Manitoba Ltd. o/a Westman Courier & Freight ("**Westman**"); 1938359 Alberta Ltd. o/a Rockyview Transport ("**Rockyview**")<br>• Completed three tuck-in acquisitions for total cash consideration of $12.3 million.<br>• Financial results of Chariot, Westman and Rockyview are included within the LTL segment. |
| **2023 INVESTMENTS** | Butler Ridge Energy Services (2011) Ltd. ("**Butler Ridge**")<br>• Acquired on March 1, 2023, for total consideration of $3.1 million.<br>• A fluid management company servicing the energy sector in the Peace River region of British Columbia.<br>• Financial results are included within the S&I segment. |
| | B. & R. Eckel's Transport Ltd. ("**B&R**")<br>• 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.<br>• B&R has three primary service offerings operating in the greater northeastern Alberta region consisting of LTL, full truckload and specialized hauling services.<br>• On January 1, 2024, the LTL operations were integrated into Grimshaw Trucking L.P. and Hi-Way 9 Express Ltd.<br>• Financial results are included within the S&I segment. |
| | R. Dufour Enterprises Ltd. **("R. Dufour")**<br>• On October 1, 2023, acquired the business and assets for total cash consideration of $3.2 million.<br>• A regional LTL and general freight services provider across northern Alberta and northeastern British Columbia.<br>• Financial results integrated into Bandstra Transportation Systems Ltd. ("**Bandstra**"), which are included within the L&W segment. |

## Capital Expenditures

**2024 PLAN**

In December 2023, the Board approved an $80.0 million capital budget for 2024, 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 $10.0 million to invest specifically towards sustainability initiatives.

**2024 PURCHASES**

### Gross Capital Expenditures

- In 2024, gross capital expenditures were $73.0 million as compared to $108.8 million in 2023, including $1.5 million of equipment transferred between segments as follows:

**Under management's discretion, we did not achieve our 2024 plan with net capital expenditures[1] of $56.3 million, which includes $1.7 million of investments in facilities, land and buildings.**

| | Years ended December 31 | | |
|---|---|---|---|
| *($ millions)* | **2024** | 2023 | Change |
| | **$** | $ | $ |
| LTL | **29.0** | 49.4 | (20.4) |
| L&W | **21.1** | 22.4 | (1.3) |
| S&I | **16.5** | 24.3 | (7.8) |
| US 3PL | **—** | — | — |
| Corporate | **6.4** | 12.7 | (6.3) |
| **Total** | **73.0** | 108.8 | (35.8) |

- Capital invested in the LTL segment mainly consisted of trucks and trailers to support growth opportunities as well as replace some older less efficient equipment.
- Capital invested in the L&W segment mainly consisted of purchasing new trucks, trailers and operating equipment to replace some older less efficient equipment.
- Capital invested in the S&I segment mainly consisted of pumps and water management equipment to support demand at Canadian Dewatering L.P. ("**Canadian Dewatering**"); trucks and robotic tooling equipment to support demand at Cascade Energy Services L.P. ("**Cascade Energy**"); and to replenish operating equipment for those Business Units involved in the transportation of fluids, servicing of wells and drilling related services.
- Invested $5.8 million of capital expenditures towards sustainability initiatives through the purchase of CNG powered trucks, intermodal containers to reduce our carbon footprint and the continued transition of electric material handling units, including forklifts and reach units within our LTL and L&W segments.
- MT invested $5.5 million into real estate to meet future growth plans in our LTL segment, including: finalizing the expansion of a LTL terminal in Thunder Bay, Ontario by adding 18 cross dock doors as well as 10,000 square feet of additional ambient temperature-controlled warehouse space. Additional capital was also invested to purchase land in Medicine Hat, Alberta to support the future expansion of our LTL operations as well as the purchase of a facility that was leased by Argus Carriers Ltd. in Victoria, British Columbia.
- Total cost of real property owned by Mullen Group as at December 31, 2024 was $659.3 million.

### Gross Capital Dispositions

- In 2024 gross capital dispositions were $16.7 million as compared to $20.0 million in 2023 as follows:

| | Years ended December 31 | | |
|---|---|---|---|
| *($ millions)* | **2024** | 2023 | Change |
| | **$** | $ | $ |
| LTL | **1.9** | 1.7 | 0.2 |
| L&W | **2.5** | 3.2 | (0.7) |
| S&I | **8.5** | 13.6 | (5.1) |
| US 3PL | **—** | — | — |
| Corporate | **3.8** | 1.5 | 2.3 |
| **Total** | **16.7** | 20.0 | (3.3) |

- The $3.3 million decrease in gross capital dispositions was mainly due to a reduction in operating equipment sold within the S&I segment. In 2023, dispositions in the S&I segment increased as redundant operating equipment included in the B&R acquisition was sold.

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

## Normal Course Issuer Bid

| | |
|---|---|
| **2024 PLAN** | The TSX approved the renewal of the NCIB on March 7, 2024, to purchase for cancellation up to 8,220,349 Common Shares in the open market on or before March 10, 2025. |
| **2024 REPURCHASES** | • In 2024 we repurchased and cancelled 493,028 Common Shares for $6.5 million, representing an average price of $13.16 per Common Share.<br>• As at February 28, 2024, the average daily trading volume of the Common Shares on the TSX ("**ADTV**") for the most recently completed six calendar months was 203,528. 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 precent of ADTV, which amounts to 50,882 Common Shares, subject to certain prescribed exceptions.<br>• 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.<br>• 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

| | |
|---|---|
| **2024 PLAN** | In December 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 2024. |
| **2024 PAYMENTS** | • On July 25, 2024, we announced an increase to the monthly dividend from $0.06 to $0.07 per Common Share effective as of the next regular dividend payment, which was payable on September 16, 2024.<br>• In 2024 we declared dividends per Common Share totalling $0.77 per Common Share (2023 – $0.72 per Common Share).<br>• At December 31, 2024, we had 87,670,314 Common Shares outstanding and a dividend payable of $6.1 million (December 31, 2023 – $5.3 million), which was paid on January 15, 2025.<br>• On January 23, 2025, the Board declared a monthly dividend of $0.07 per Common Share to the holders of record at the close of business on January 31, 2025. |

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# DEBT AND THE BALANCE SHEET

## Private Placement Debt

Mullen Group's long-term debt is comprised of two series of secured debt. The first series is as follows: U.S. $112.0 million of Series H Notes, CDN. $3.0 million of Series J Notes and CDN. $80.0 million of Series L Notes (collectively, the "**2014 Notes"**). The average fixed interest rate on the 2014 Notes is 3.99 percent. The 2014 Notes mature in October 2026 consisting of principal repayments net of a cross-currency swap (as hereafter defined on page 20) of $207.9 million. The second series of Mullen Group's secured debt was issued through a private placement on July 10, 2024 (the "**Offering**") and is as follows: CDN. $300.0 million of Series M Notes and U.S. $75.0 million of Series N Notes (collectively the "**2024 Notes**"). The average fixed interest rate on the 2024 Notes is 6.04 percent. The 2024 Notes mature in July 2034 consisting of principal repayments of $407.9 million. The 2014 Notes and the 2024 Notes (collectively, the "**Private Placement Debt**") have an average fixed interest rate of 5.34 percent.

## Bank 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 was a $100.0 million revolving demand credit facility. We also had a loan agreement to borrow up to $150.0 million with the Royal Bank of Canada (the "**RBC Credit Facility**"). On January 5, 2024, we entered into a $125.0 million credit agreement (the "**PNC Credit Facility**") with PNC Bank Canada Branch. The CIBC Credit Facility, the RBC Credit Facility, and the PNC Credit Facility (collectively, the "**Bank Credit Facilities**") were subsequently amended.

In conjunction with the closing of the Offering, the Corporation entered into amended and restated credit facilities with the Bank Credit Facilities lending group (the "**Amended Bank Credit Facilities**") and entered into a new $125.0 million credit agreement with the Toronto-Dominion Bank (the "**TD Credit Facility**", and together with the Amended Bank Credit Facilities, the "**New Bank Credit Facilities**"). The New Bank Credit Facilities provide revolving demand credit and upsizes the borrowing capacity to the Corporation to an aggregate of $525.0 million, including increasing its borrowing capacity with CIBC from $100.0 million to $125.0 million. All material terms in the New Bank Credit Facilities are substantially similar to the terms under the Bank Credit Facilities and to each other. The New Bank Credit Facilities rank pari passu with the 2024 Notes and are secured.

The New Bank Credit Facilities are guaranteed by MT Investments Inc. and MGL Holding Co. Ltd. (each, a "**Guarantor**") and secured by a first ranking charge over all present and after-acquired property of the Corporation and each Guarantor.

As at December 31, 2024, there were no amounts drawn on the New Bank Credit Facilities.

## Convertible Debentures

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

Each $1,000 Debenture was 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. The conversion price of the Debentures is subject to adjustment per the Debenture agreement. As of December 31, 2024, the conversion price of the Debentures decreased to $13.71 from $14.00. Each $1,000 Debenture is now convertible into 72.9395 Common Shares of Mullen Group or an aggregate of 9.1 million Common Shares if all holders convert their principal amount.

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

| ***($ millions)*** | | **December 31, 2024** | | **December 31, 2023** | |
|---|---|---|---|---|---|
| **Year of Maturity** | **Interest Rate** | **Face Value** | **Carrying Amount** | **Face Value** | **Carrying Amount** |
| 2026 | 5.75% | **$ 125.0** | **$ 120.5** | $ 125.0 | $ 118.1 |

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

# CONSOLIDATED FINANCIAL RESULTS

## Executive Summary

Acquisitions completed during the year was the primary reason our financial results for the fourth quarter, and the full year 2024, remained consistent with the prior year, which in-itself is very satisfying given the many challenges the business encountered last year. Freight demand remained soft throughout the year, due to the lack of any sustained growth in the Canadian economy accompanied by the remnants of excessive inventories built up in 2023, ultimately leading to pricing pressures in most verticals. In addition, there were no new major capital projects in Canada to replace the pipeline construction projects, which were essentially completed in 2023, a significant reason our S&I segment underperformed in 2024.

### *Outlook*

We currently see no evidence that there will be any near-term relief to the challenges facing the freight industry. There is far too much undisciplined capacity in the industry today and we do not believe that the Canadian economy can grow meaningfully in 2025. This suggests that freight demand will remain at or near current levels and that pricing will be competitive, until something on either the demand side or availability of supply changes. Undisciplined pricing continues to be the "achilles heel" of the warehousing and trucking industry. The LTL industry is expected to remain stable, although we expect to see growth from "tuck-in" acquisitions.

In addition, we are mindful of new risks to the economy if trade between Canada and the United States is disrupted by tariffs or sanctions. Our plan is to continue focusing on margin and to pursue acquisitions that will add value to our shareholders. We will not pursue acquisitions simply for growth.

## Revenue

*Revenue is generated by the Corporation through the 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**

| | **Three month periods ended December 31** | | | | | | Years ended December 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *($ millions)* | **2024** | | 2023 | | Change | | **2024** | | 2023 | | Change | |
| | **$** | **%** | $ | % | $ | % | **$** | **%** | $ | % | $ | % |
| Company | **361.0** | **72.3** | 342.9 | 68.8 | 18.1 | 5.3 | **1,403.6** | **70.6** | 1,351.1 | 67.7 | 52.5 | 3.9 |
| Contractors | **134.5** | **26.9** | 153.9 | 30.9 | (19.4) | (12.6) | **572.3** | **28.8** | 634.5 | 31.8 | (62.2) | (9.8) |
| Other | **3.6** | **0.8** | 1.8 | 0.3 | 1.8 | 100.0 | **13.4** | **0.6** | 9.1 | 0.5 | 4.3 | 47.3 |
| **Total** | **499.1** | **100.0** | 498.6 | 100.0 | 0.5 | 0.1 | **1,989.3** | **100.0** | 1,994.7 | 100.0 | (5.4) | (0.3) |

**QTD:** Consolidated revenues were $499.1 million, a slight increase of 0.1 percent, or $0.5 million as compared to $498.6 million in 2023. Revenue per day was $8.1 million in the fourth quarter of 2024, which is consistent with the same period in 2023. Revenue per day remained consistent mainly due to incremental revenue from acquisitions offsetting declines experienced by our legacy Business Units. The number of working days remained consistent at 62 days in both 2024 and 2023.

**QTD: Revenue Per Working Day**

| *(unaudited)* *($ millions)* | **2024** | **2023** | **Change** |
|---|---|---|---|
| Revenue | **$ 499.1** | $ 498.6 | $ 0.5 |
| Working Days | **62** | 62 | — |
| Revenue Per Working Day | **$ 8.1** | $ 8.1 | $ — |

Acquisitions added $36.6 million of incremental revenues. Consolidated revenues in the quarter were also impacted by a combination of factors, including:

- End consumer demand was generally consistent with last year, however, suppliers and manufacturers continued to be reluctant to increase inventory levels in 2024, which negatively impacted overall freight demand.
- Capital investment in Canada, most notably in the private sector of the economy, remained weak on a year over year basis.
- Major capital construction projects, most notably the Trans Mountain Expansion Project ("**TMX**") and the Coastal GasLink Pipeline Project ("**CGL**"), were essentially completed and not replaced. The completion of these projects directly impacted our Premay Pipeline Hauling L.P. ("**Premay Pipeline**") Business Unit along with demand for other specialized services.
- Fuel surcharge revenue (excluding acquisitions) declined by $8.2 million to $49.4 million.

**YTD:** Consolidated revenues were $1,989.3 million, a slight decrease of 0.3 percent, or $5.4 million as compared to $1,994.7 million in 2023. Revenue per working day of $8.0 million remained consistent as compared to 2023.

- The soft environment for freight and logistics demand led to a year over year decline in revenues of $100.6 million (excluding acquisitions and fuel surcharge).
- Fuel surcharge revenues declined by $22.4 million (excluding acquisitions) to $204.4 million due to the decrease in the price of diesel fuel.
- Acquisitions added $117.6 million of incremental revenue, offsetting most of the revenue declines from our legacy Business Units.

**YTD: Revenue Per Working Day**

| *(unaudited)* *($ millions)* | | **2024** | | 2023 | | Change |
|---|---|---|---|---|---|---|
| Revenue | **$** | **1,989.3** | $ | 1,994.7 | $ | (5.4) |
| Working Days | | **250** | | 250 | | — |
| Revenue Per Working Day | **$** | **8.0** | $ | 8.0 | $ | — |

## 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**

| | **Three month periods ended December 31** | | | | | | Years ended December 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *($ millions)* | **2024** | | 2023 | | Change | | **2024** | | 2023 | | Change | |
| | **$** | **%*** | $ | %* | $ | % | **$** | **%*** | $ | %* | $ | % |
| Company | | | | | | | | | | | | |
| Wages and benefits | **82.6** | **22.9** | 79.0 | 23.0 | 3.6 | 4.6 | **323.3** | **23.0** | 314.1 | 23.2 | 9.2 | 2.9 |
| Fuel | **27.1** | **7.5** | 29.9 | 8.7 | (2.8) | (9.4) | **110.1** | **7.8** | 113.6 | 8.4 | (3.5) | (3.1) |
| Repairs and maintenance | **39.4** | **10.9** | 39.6 | 11.5 | (0.2) | (0.5) | **154.7** | **11.0** | 156.5 | 11.6 | (1.8) | (1.2) |
| Purchased transportation | **65.7** | **18.2** | 52.0 | 15.2 | 13.7 | 26.3 | **238.6** | **17.0** | 207.2 | 15.3 | 31.4 | 15.2 |
| Operating supplies | **20.6** | **5.7** | 21.2 | 6.2 | (0.6) | (2.8) | **76.9** | **5.5** | 82.7 | 6.1 | (5.8) | (7.0) |
| Other | **9.7** | **2.7** | 9.3 | 2.8 | 0.4 | 4.3 | **39.5** | **2.9** | 36.2 | 2.8 | 3.3 | 9.1 |
| | **245.1** | **67.9** | 231.0 | 67.4 | 14.1 | 6.1 | **943.1** | **67.2** | 910.3 | 67.4 | 32.8 | 3.6 |
| Contractors | **104.9** | **78.0** | 122.0 | 79.3 | (17.1) | (14.0) | **442.5** | **77.3** | 494.6 | 78.0 | (52.1) | (10.5) |
| **Total** | **350.0** | **70.1** | 353.0 | 70.8 | (3.0) | (0.8) | **1,385.6** | **69.7** | 1,404.9 | 70.4 | (19.3) | (1.4) |

**as a percentage of respective Consolidated revenue*

**QTD:** Consolidated DOE decreased by $3.0 million to $350.0 million, or 0.8 percent, as compared to $353.0 million in 2023, despite a $0.5 million increase in consolidated revenues. DOE as a percentage of consolidated revenue improved by 0.7 percent as compared to 2023. The highlights were:

- Expenses related to operating company owned equipment increased as a percentage of Company revenue, most notably in the S&I segment and the L&W segment, while the LTL segment experienced a slight improvement as compared to 2023.

- Contractors costs decreased by $17.1 million due to the $19.4 million decline in Contractors revenue. In percentage terms, these costs decreased by 1.3 percent, mainly because of improved margins within the S&I segment.

**YTD:** Consolidated DOE decreased by $19.3 million to $1,385.6 million, or 1.4 percent, as compared to $1,404.9 million in 2023, due to the $5.4 million decrease in consolidated revenues and a focus on reducing costs. DOE as a percentage of consolidated revenue improved as compared to 2023. The highlights were:

- Company costs increased in absolute dollar terms due to higher Company revenue. As a percentage of Company revenue, Company costs decreased by a modest 0.2 percent mainly due to improved operating margins[1] in the LTL segment, which was somewhat offset by lower operating margins[1] experienced in the S&I segment.
- Contractors costs decreased by $52.1 million due to the $62.2 million decline in Contractors revenue. In percentage terms, these costs decreased by 0.7 percent, mainly because of improved margins in the LTL segment and the S&I segment, being somewhat offset by lower margins experienced in the US 3PL segment.

## Selling and Administrative Expenses

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

**Consolidated**

| | **Three month periods ended December 31** | | | | | | Years ended December 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***($ millions)*** | **2024** | | 2023 | | Change | | **2024** | | 2023 | | Change | |
| | **$** | **%*** | $ | %* | $ | % | **$** | **%*** | $ | %* | $ | % |
| Wages and benefits | **43.5** | **8.7** | 39.5 | 7.9 | 4.0 | 10.1 | **166.7** | **8.4** | 156.0 | 7.8 | 10.7 | 6.9 |
| Communications, utilities and general supplies | **21.7** | **4.3** | 17.9 | 3.6 | 3.8 | 21.2 | **81.0** | **4.1** | 72.4 | 3.6 | 8.6 | 11.9 |
| Profit share | **4.6** | **0.9** | 6.0 | 1.2 | (1.4) | (23.3) | **18.7** | **0.9** | 20.2 | 1.0 | (1.5) | (7.4) |
| Foreign exchange | **(9.9)** | **(2.0)** | 0.8 | 0.2 | (10.7) | (1,337.5) | **(10.0)** | **(0.5)** | 0.8 | — | (10.8) | (1,350.0) |
| Stock-based compensation | **0.3** | **0.1** | 0.3 | 0.1 | — | — | **0.9** | **—** | 1.1 | 0.1 | (0.2) | (18.2) |
| Rent and other | **3.9** | **0.8** | 1.9 | 0.3 | 2.0 | 105.3 | **14.2** | **0.7** | 11.1 | 0.6 | 3.1 | 27.9 |
| **Total** | **64.1** | **12.8** | 66.4 | 13.3 | (2.3) | (3.5) | **271.5** | **13.6** | 261.6 | 13.1 | 9.9 | 3.8 |

**as a percentage of total Consolidated revenue*

**QTD:** S&A expenses decreased by $2.3 million to $64.1 million as compared to $66.4 million in 2023 mainly due to a $10.7 million positive variance in foreign exchange. This decrease was somewhat offset by:

- Incremental S&A expenses of $6.4 million associated with acquisitions.
- Inflationary pressures including cost of living wage increases and higher utilities and general supplies costs.

As a percentage of revenue, S&A expenses decreased to 12.8 percent from 13.3 percent last year, due to the positive variance in foreign exchange, which was somewhat offset by higher S&A costs experienced at ContainerWorld.

**YTD:** S&A expenses rose by $9.9 million to $271.5 million as compared to $261.6 million in 2023 due to:

- Incremental S&A expenses of $18.8 million associated with acquisitions.
- Inflationary pressures including cost of living wage increases, and higher utilities and general supplies costs.
- These increases were somewhat offset by a $10.8 million positive variance in foreign exchange and lower profit share.

As a percentage of revenue, S&A expenses increased to 13.6 percent from 13.1 percent last year, due to the combination of lower consolidated revenues, the relatively fixed nature of S&A expenses and higher S&A costs at ContainerWorld.

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

## OIBDA

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

**Consolidated**

| ($ millions) | Three month periods ended December 31 | | | | | | Years ended December 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2024** | | 2023 | | Change | | **2024** | | 2023 | | Change | |
| | **$** | **%** | $ | % | $ | % | **$** | **%** | $ | % | $ | % |
| LTL | **31.4** | **36.9** | 29.9 | 37.8 | 1.5 | 5.0 | **135.4** | **40.8** | 130.7 | 39.8 | 4.7 | 3.6 |
| L&W | **33.2** | **39.1** | 29.1 | 36.7 | 4.1 | 14.1 | **119.9** | **36.1** | 112.0 | 34.1 | 7.9 | 7.1 |
| S&I | **16.2** | **19.1** | 24.6 | 31.1 | (8.4) | (34.1) | **84.9** | **25.6** | 95.3 | 29.0 | (10.4) | (10.9) |
| US 3PL | **1.1** | **1.3** | 0.4 | 0.5 | 0.7 | 175.0 | **2.7** | **0.8** | 3.6 | 1.1 | (0.9) | (25.0) |
| Corporate | **3.1** | **3.6** | (4.8) | (6.1) | 7.9 | (164.6) | **(10.7)** | **(3.3)** | (13.4) | (4.0) | 2.7 | (20.1) |
| Total | **85.0** | **100.0** | 79.2 | 100.0 | 5.8 | 7.3 | **332.2** | **100.0** | 328.2 | 100.0 | 4.0 | 1.2 |

**QTD:** OIBDA increased by $5.8 million, or 7.3 percent, to $85.0 million due to a $7.9 million positive variance within Corporate that mainly resulted from changes in foreign exchange and from $6.0 million of incremental OIBDA from acquisitions, most notably in the L&W segment.

- Operating margin[1] increased to 17.0 percent as compared to 15.9 percent last year due to lower DOE as a percentage of consolidated revenue despite more competitive pricing conditions in certain markets and a reduction in higher margin specialized business.

**YTD:** OIBDA increased by $4.0 million, or 1.2 percent, to $332.2 million from $328.2 million in 2023 due to $20.3 million of increment OIBDA from acquisitions, from improved results in the LTL segment and from lower Corporate costs. These increases were somewhat offset by lower OIBDA at existing Business Units, most notably in the L&W segment (excluding acquisitions) due to a lack of capital projects, and from lower OIBDA at certain Business Units in the S&I segment from the completion of TMX and CGL.

- Operating margin[1] remained relatively consistent at 16.7 percent as higher margins experienced in the LTL segment and lower Corporate costs were somewhat offset by lower margins in the S&I segment and the US 3PL segment.

## Depreciation of Property, Plant and Equipment

**Consolidated**

| ($ millions) | Three month periods ended December 31 | | | Years ended December 31 | | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | Change | **2024** | 2023 | Change |
| | **$** | $ | $ | **$** | $ | $ |
| LTL | **6.4** | 6.4 | — | 23.8 | 23.0 | 0.8 |
| L&W | **4.1** | 3.8 | 0.3 | 15.3 | 14.6 | 0.7 |
| S&I | **7.1** | 7.1 | — | 27.2 | 27.6 | (0.4) |
| US 3PL | **—** | — | — | — | 1.0 | (1.0) |
| Corporate | **1.6** | 1.6 | — | 7.1 | 7.0 | 0.1 |
| **Total** | **19.2** | 18.9 | 0.3 | 73.4 | 73.2 | 0.2 |

- Depreciation in the fourth quarter increased slightly as compared to the same period in 2023 due to higher depreciation in the L&W segment, resulting from the acquisition of ContainerWorld.
- Depreciation in 2024 remained relatively consistent with 2023 as higher depreciation in the LTL segment due to an increase in capital expenditures and an increase in the L&W segment due to acquisitions was offset by a decrease in the US 3PL segment as the SilverExpress™ proprietary software was fully depreciated during 2023.

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

## Depreciation of Right-of-Use Assets

| Consolidated | | | | | | |
|---|---|---|---|---|---|---|
| | Three month periods ended December 31 | | | Years ended December 31 | | |
| ($ millions) | **2024** | 2023 | Change | **2024** | 2023 | Change |
| | **$** | $ | $ | **$** | $ | $ |
| LTL | **4.1** | 5.4 | (1.3) | 16.5 | 19.2 | (2.7) |
| L&W | **7.3** | 2.2 | 5.1 | 23.1 | 8.4 | 14.7 |
| S&I | **0.6** | 0.2 | 0.4 | 2.3 | 0.9 | 1.4 |
| US 3PL | **0.1** | 0.1 | — | 0.4 | 0.6 | (0.2) |
| Corporate | **0.2** | — | 0.2 | 0.7 | — | 0.7 |
| **Total** | **12.3** | 7.9 | 4.4 | 43.0 | 29.1 | 13.9 |

- Depreciation of right-of-use assets increased in the fourth quarter and in 2024 mainly due to leases associated with the acquisition of ContainerWorld in the L&W segment.
- Depreciation of right-of-use assets increased in the S&I segment due to facility leases entered into on the B&R acquisition in May 2023.
- In 2024 depreciation of right-of-use assets in Corporate consists of B&R's LTL facility leases that were vacated and no longer assigned to a Business Unit. These leases expired in May 2024 and the majority were not renewed. The decrease in the LTL segment was mainly due to reorganizing the operations of B&R.

## Amortization of Intangible Assets

Intangible assets are normally acquired on acquisitions and are mainly comprised of customer relationship values and non-competition agreements that are amortized over a five to ten year period being their estimated life from the date of acquisition. Amortization of intangible assets was $3.9 million (YTD – $14.5 million) in 2024 as compared to $3.3 million (YTD – $13.6 million) in 2023. This increase of $0.6 million (YTD – $0.9 million) was mainly due to the additional amortization recorded on the intangible assets associated with our recent acquisitions.

## 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 New Bank Credit Facilities, less any interest income generated from the debentures issued to equity investments and from cash and cash equivalents.

Finance costs were $10.7 million (YTD – $42.2 million) in 2024 as compared to $9.7 million (YTD – $37.1 million) in 2023. The increase of $1.0 million (YTD – $5.1 million) was mainly attributable to a greater amount of interest expense being recorded on the 2024 Notes and from greater interest expense recognized on lease liabilities by virtue of our recent acquisitions. These increases were somewhat offset by a greater amount of interest income generated from cash and cash equivalents.

## Net Foreign Exchange Loss (Gain)

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

A net foreign exchange (gain) loss is experienced since the Corporation has not entered into a cross-currency swap on its U.S. $75.0 million of Series N Notes and despite the fact that the principal portion of some of our U.S. debt is hedged by our Cross-Currency Swaps. A net foreign exchange (gain) loss occurs due to how our U.S. dollar debt and our Cross-Currency Swaps are valued for accounting purposes. U.S. dollar debt is valued at the end of each quarter using the closing exchange rate between the Canadian dollar vis-à-vis the U.S. dollar (the "**Spot Rate**"). In addition to the Spot Rate, our Cross-Currency Swaps are valued using a discounted value from maturity of the forward rate, which is influenced by changes in interest rate differentials between Canada and the United States. As the Cross-Currency Swaps get closer to maturity, the accounting value should more closely correlate to the value of the U.S. dollar debt.

| ($ millions) | Three month periods ended December 31 2024 | 2023 | Change | Years ended December 31 2024 | 2023 | Change |
|---|---|---|---|---|---|---|
| | **$** | $ | $ | **$** | $ | $ |
| Foreign exchange loss (gain) on U.S. $ debt | **20.5** | (6.7) | 27.2 | 25.8 | (7.3) | 33.1 |
| Foreign exchange (gain) loss on Cross-Currency Swaps | **(11.8)** | 5.9 | (17.7) | (19.5) | 3.1 | (22.6) |
| Net foreign exchange loss (gain) | **8.7** | (0.8) | 9.5 | 6.3 | (4.2) | 10.5 |

We recorded a foreign exchange loss of $20.5 million (YTD – $25.8 million) related to our $187.0 million U.S. dollar debt associated with our 2014 Notes (U.S. $112.0 million) and our 2024 Notes (U.S. $75.0 million), due to the change in the value of the Canadian dollar relative to the U.S. dollar in 2024 as compared to a gain of $6.7 million (YTD – $7.3 million) in 2023. We recorded a foreign exchange gain on Cross-Currency Swaps of $11.8 million (YTD – $19.5 million) in 2024 as compared to a loss of $5.9 million (YTD – $3.1 million) in 2023. This was due to the change over the period in the fair value of these Cross-Currency Swaps.

## Other (Income) Expense

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

| ($ millions) | Three month periods ended December 31 2024 | 2023 | Change | Years ended December 31 2024 | 2023 | Change |
|---|---|---|---|---|---|---|
| | **$** | $ | $ | **$** | $ | $ |
| Change in fair value of investments | **(0.4)** | (0.3) | (0.1) | **(0.7)** | (0.3) | (0.4) |
| Loss (gain) loss on sale of property, plant & equipment | **0.2** | (0.5) | 0.7 | **0.5** | (1.7) | 2.2 |
| Loss on fair value of equity investment | **—** | — | — | — | 0.6 | (0.6) |
| Earnings from equity investments | **0.7** | (0.7) | 1.4 | **(0.8)** | (2.3) | 1.5 |
| Other (income) expense | **0.5** | (1.5) | 2.0 | **(1.0)** | (3.7) | 2.7 |

Other (income) expense was $0.5 million (YTD – $(1.0) million) as compared to $(1.5) million (YTD – $(3.7) million) in 2023. The negative variance was mainly attributable to the year over year change in loss on sale of property, plant and equipment and lower earnings from equity investments, which was somewhat offset by the $0.6 million loss on fair value of equity investment in 2023 that pertained to the acquisition of Butler Ridge.

| **Equity Investment** | **Date of Significant Influence or Joint Control Obtained** |
|---|---|
| Canol Oilfield Services Inc. | January 1, 2013 |
| Kriska Transportation Group Limited | December 1, 2014 |
| Thrive Management Group Ltd. | September 27, 2017 |

## Income Taxes

| ($ millions) | Three month periods ended December 31 | | | Years ended December 31 | | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | Change | **2024** | 2023 | Change |
| | **$** | $ | $ | **$** | $ | $ |
| Income before income taxes | **29.7** | 41.7 | (12.0) | **153.8** | 183.1 | (29.3) |
| Combined statutory tax rate | **25%** | 25% | — | **25%** | 25% | — |
| Expected income tax | **7.4** | 10.4 | (3.0) | **38.4** | 45.8 | (7.4) |
| Add (deduct): | | | | | | |
| Non-deductible (taxable) portion of net foreign exchange loss (gain) | **1.0** | (0.1) | 1.1 | **0.7** | (0.5) | 1.2 |
| Non-deductible (taxable) portion of the change in fair value of investments | **(0.1)** | (0.1) | — | **(0.1)** | — | (0.1) |
| Stock-based compensation expense | **0.1** | 0.1 | — | **0.2** | 0.3 | (0.1) |
| Changes in unrecognized deferred tax asset | **1.3** | 1.8 | (0.5) | **0.7** | 1.4 | (0.7) |
| Other | **1.1** | 0.2 | 0.9 | **1.6** | (0.6) | 2.2 |
| Income tax expense | **10.8** | 12.3 | (1.5) | **41.5** | 46.4 | (4.9) |

Income tax expense was $10.8 million (YTD – $41.5 million) in 2024 as compared to $12.3 million (YTD – $46.4 million) in 2023. The decrease was mainly due to the lower amount of income generated in 2024 as compared to 2023.

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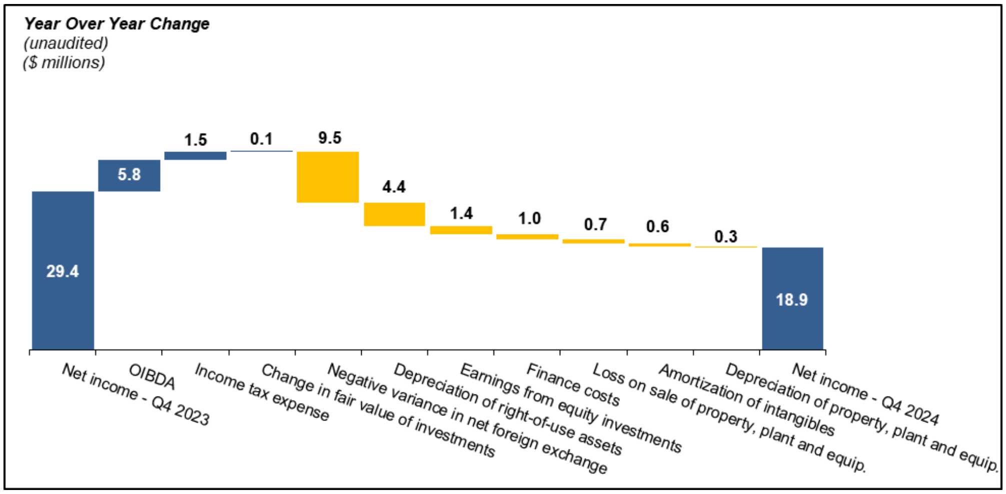
## Net Income

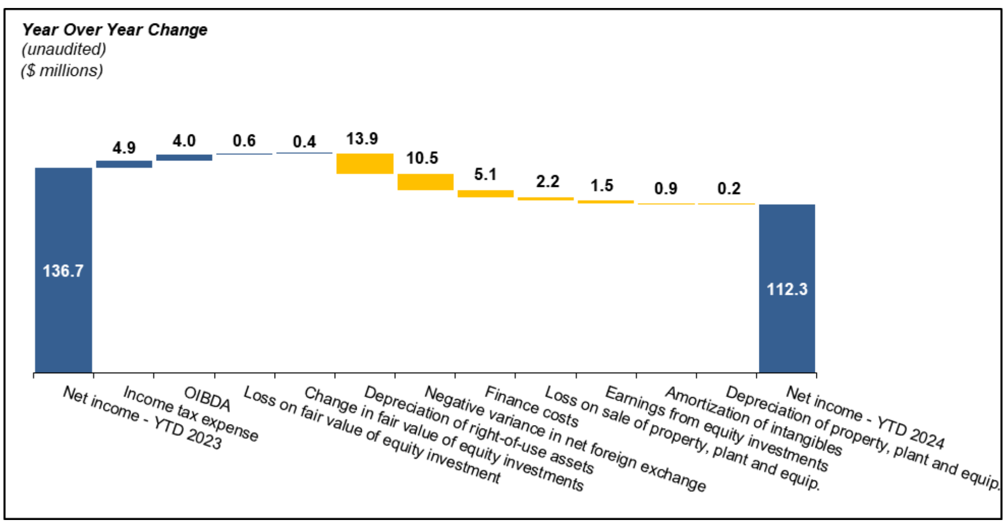
| ($ millions, except share and per share amounts) | Three month periods ended December 31 | | | | | Years ended December 31 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **2024** | | 2023 | % Change | | **2024** | | 2023 | % Change |
| Net income | **$** | **18.9** | $ | 29.4 | (35.7) | **$** | **112.3** | $ | 136.7 | (17.8) |
| Weighted average number of Common Shares outstanding | | **87,656,732** | | 88,423,848 | (0.9) | | **87,851,858** | | 89,931,795 | (2.3) |
| Earnings per share – basic | **$** | **0.21** | $ | 0.33 | (36.4) | **$** | **1.28** | $ | 1.52 | (15.8) |

Net income decreased to $18.9 million (YTD – $112.3 million), as compared to $29.4 million (YTD – $136.7 million) in 2023. The graphs below highlight each of the factors contributing to the change in net income.

**Three month period ended December 31, 2024**




**Year ended December 31, 2024**




Basic earnings per share decreased to $0.21 (YTD – $1.28) in 2024 as compared to $0.33 (YTD – $1.52) in 2023. This decrease resulted from the effect of the $10.5 million (YTD – $24.4 million) decline in net income. The weighted average number of Common Shares outstanding decreased to 87,656,732 (YTD – 87,851,858) from 88,423,848 (YTD – 89,931,795), which was due to the repurchase and cancellation of Common Shares under the NCIB.

## Net Income – Adjusted[1] and Earnings per Share – Adjusted[1]

Net income – adjusted[1] and earnings per share – adjusted[1] were $28.5 million (YTD – $119.6 million) or $0.33 (YTD – $1.36) in 2024 as compared to $30.4 million (YTD – $134.4 million) or $0.34 (YTD – $1.49) in 2023, respectively. Management adjusted net income and earnings per share by excluding specific factors to more clearly reflect earnings from an operating perspective.

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

# SEGMENTED FINANCIAL RESULTS

## THREE MONTH PERIODS ENDED

| **Three month period ended December 31, 2024** *(unaudited)* *($ millions)* | **LTL** | **L&W** | **S&I** | **US 3PL** | **Corporate and intersegment eliminations** | **Total** |
|---|---|---|---|---|---|---|
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Revenue | **189.4** | **160.9** | **103.8** | **47.5** | **(2.5)** | **499.1** |
| Direct operating expenses | **129.7** | **106.1** | **74.2** | **43.6** | **(3.6)** | **350.0** |
| Selling and administrative expenses | **28.3** | **21.6** | **13.4** | **2.8** | **(2.0)[1]** | **64.1** |
| OIBDA | **31.4** | **33.2** | **16.2** | **1.1** | **3.1** | **85.0** |
| Net capital expenditures[2] | **6.4** | **9.7** | **(0.2)** | **—** | **(0.1)** | **15.8** |

| **Three month period ended December 31, 2023** *(unaudited)* *($ millions)* | **LTL** | **L&W** | **S&I** | **US 3PL** | **Corporate and intersegment eliminations** | **Total** |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Revenue | 190.0 | 140.8 | 122.5 | 47.7 | (2.4) | 498.6 |
| Direct operating expenses | 131.3 | 94.6 | 87.0 | 43.6 | (3.5) | 353.0 |
| Selling and administrative expenses | 28.8 | 17.1 | 10.9 | 3.7 | 5.9[3] | 66.4 |
| OIBDA | 29.9 | 29.1 | 24.6 | 0.4 | (4.8) | 79.2 |
| Net capital expenditures[2] | 21.2 | 1.9 | (3.6) | — | 5.3 | 24.8 |

*[1] Includes an $8.4 million foreign exchange gain.*
*[2] Refer to the section entitled "Other Financial Measures".*
*[3] Includes a $0.3 million foreign exchange loss.*

## YEARS ENDED

| **Year ended December 31, 2024** *($ millions)* | **LTL** | **L&W** | **S&I** | **US 3PL** | **Corporate and intersegment eliminations** | **Total** |
|---|---|---|---|---|---|---|
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Revenue | **750.4** | **607.0** | **457.1** | **184.5** | **(9.7)** | **1,989.3** |
| Direct operating expenses | **504.0** | **406.7** | **321.1** | **168.7** | **(14.9)** | **1,385.6** |
| Selling and administrative expenses | **111.0** | **80.4** | **51.1** | **13.1** | **15.9[1]** | **271.5** |
| OIBDA | **135.4** | **119.9** | **84.9** | **2.7** | **(10.7)** | **332.2** |
| Net capital expenditures[2] | **27.1** | **18.6** | **8.0** | **—** | **2.6** | **56.3** |

| **Year ended December 31, 2023** *($ millions)* | **LTL** | **L&W** | **S&I** | **US 3PL** | **Corporate and intersegment eliminations** | **Total** |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Revenue | 770.4 | 564.9 | 468.0 | 198.3 | (6.9) | 1,994.7 |
| Direct operating expenses | 525.5 | 385.0 | 327.7 | 180.2 | (13.5) | 1,404.9 |
| Selling and administrative expenses | 114.2 | 67.9 | 45.0 | 14.5 | 20.0[3] | 261.6 |
| OIBDA | 130.7 | 112.0 | 95.3 | 3.6 | (13.4) | 328.2 |
| Net capital expenditures[2] | 47.7 | 19.2 | 10.7 | — | 11.2 | 88.8 |

*[1] Includes a $7.4 million foreign exchange gain.*
*[2] Refer to the section entitled "Other Financial Measures".*
*[3] Includes a $0.5 million foreign exchange loss.*

# LESS-THAN-TRUCKLOAD

## Highlights for the Quarter

The LTL segment is a strategic focus of our organization and remains the largest and most profitable segment. Our network now services consumers and communities from Ontario to Vancouver Island and Canada's far north. Overall segment revenues were flat as compared to the prior year due to the lack of growth in consumer spending in Canada, a primary driver of LTL demand, lower fuel surcharge revenues, offset by $5.8 million in revenues from acquisitions during the quarter. With demand flat and pricing pressures emerging, we focused on managing costs and improving lane densities. These efforts resulted in an increase in OIBDA and improved margins year over year.

### *Market Outlook*

There is little reason, in our view, to believe that the Canadian economy will experience any sustained growth in 2025, or that consumer spending will change materially in 2025. Under this scenario, we will once again rely upon "tuck-in" acquisitions to supplement any softness in demand. We will also continue to look at route optimization and lane density to improve margins across our 12 Business Units.

## Revenue

**LTL**

| | Three month periods ended December 31 | | | | | | Years ended December 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *($ millions)* | **2024** | | 2023 | | Change | | **2024** | | 2023 | | Change | |
| | **$** | **%** | $ | % | $ | % | **$** | **%** | $ | % | $ | % |
| Company | **176.1** | **93.0** | 177.7 | 93.5 | (1.6) | (0.9) | **690.8** | **92.1** | 713.2 | 92.6 | (22.4) | (3.1) |
| Contractors | **13.1** | **6.9** | 12.2 | 6.4 | 0.9 | 7.4 | **58.8** | **7.8** | 56.0 | 7.3 | 2.8 | 5.0 |
| Other | **0.2** | **0.1** | 0.1 | 0.1 | 0.1 | 100.0 | **0.8** | **0.1** | 1.2 | 0.1 | (0.4) | (33.3) |
| **Total** | **189.4** | **100.0** | 190.0 | 100.0 | (0.6) | (0.3) | **750.4** | **100.0** | 770.4 | 100.0 | (20.0) | (2.6) |

**QTD:** Segment revenues were $189.4 million, a decrease of 0.3 percent or $0.6 million as compared to $190.0 million in 2023.

- Fuel surcharge revenues decreased by $5.3 million to $33.3 million (excluding acquisitions).
- Revenue from our Business Units (excluding fuel surcharge and acquisitions) declined by $1.1 million due to a softening in overall demand and from demarketing underperforming business.
- Acquisitions added $5.8 million of incremental revenues resulting in revenue per working day remaining consistent as compared to 2023.

**QTD: Revenue Per Working Day LTL**

| *(unaudited)*<br>*($ millions)* | **2024** | 2023 | Change |
|---|---|---|---|
| Revenue | **$ 189.4** | $ 190 | $ (0.6) |
| Working Days | **62** | 62 | — |
| Revenue Per Working Day | **$ 3.1** | $ 3.1 | $ — |

**YTD:** Segment revenues were $750.4 million, a decrease of 2.6 percent or $20.0 million as compared to $770.4 million in 2023.

- Fuel surcharge revenues declined by $14.0 million to $137.9 million (excluding acquisitions) due to lower diesel fuel prices.
- Revenue from our Business Units (excluding fuel surcharge and acquisitions) declined by $19.0 million due to a slight decline in revenue per working day on lower freight demand and from demarketing underperforming business.
- Acquisitions added $13.0 million of incremental revenues.

**YTD: Revenue Per Working Day LTL**

| *(unaudited)*<br>*($ millions)* | **2024** | 2023 | Change |
|---|---|---|---|
| Revenue | **$ 750.4** | $ 770.4 | $ (20.0) |
| Working Days | **250** | 250 | — |
| Revenue Per Working Day | **$ 3.0** | $ 3.1 | $ (0.1) |

## Direct Operating Expenses

**LTL**

| ($ millions) | Three month periods ended December 31 2024 $ | 2024 %* | 2023 $ | 2023 %* | Change $ | Change % | Years ended December 31 2024 $ | 2024 %* | 2023 $ | 2023 %* | Change $ | Change % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Company | | | | | | | | | | | | |
| Wages and benefits | **41.4** | **23.5** | 42.1 | 23.7 | (0.7) | (1.7) | **160.5** | **23.2** | 165.5 | 23.2 | (5.0) | (3.0) |
| Fuel | **14.9** | **8.5** | 16.9 | 9.5 | (2.0) | (11.8) | **60.0** | **8.7** | 64.9 | 9.1 | (4.9) | (7.6) |
| Repairs and maintenance | **16.7** | **9.5** | 16.6 | 9.3 | 0.1 | 0.6 | **64.7** | **9.4** | 67.0 | 9.4 | (2.3) | (3.4) |
| Purchased transportation | **41.4** | **23.5** | 41.0 | 23.1 | 0.4 | 1.0 | **156.3** | **22.6** | 164.4 | 23.1 | (8.1) | (4.9) |
| Operating supplies | **2.8** | **1.6** | 2.8 | 1.6 | — | — | **10.5** | **1.5** | 11.1 | 1.6 | (0.6) | (5.4) |
| Other | **4.8** | **2.7** | 5.0 | 2.8 | (0.2) | (4.0) | **18.8** | **2.8** | 20.2 | 2.7 | (1.4) | (6.9) |
| | **122.0** | **69.3** | 124.4 | 70.0 | (2.4) | (1.9) | **470.8** | **68.2** | 493.1 | 69.1 | (22.3) | (4.5) |
| Contractors | **7.7** | **58.8** | 6.9 | 56.6 | 0.8 | 11.6 | **33.2** | **56.5** | 32.4 | 57.9 | 0.8 | 2.5 |
| **Total** | **129.7** | **68.5** | 131.3 | 69.1 | (1.6) | (1.2) | **504.0** | **67.2** | 525.5 | 68.2 | (21.5) | (4.1) |

**as a percentage of respective LTL revenue*

**QTD:** DOE decreased by $1.6 million to $129.7 million as compared to $131.3 million in 2023, primarily due to the $0.6 million of lower segment revenue. As a percentage of segment revenue, DOE decreased by 0.6 percent to 68.5 percent from 69.1 percent in 2023.

- Company costs decreased by $2.4 million mainly due to the $1.6 million decrease in Company revenue. As a percentage of Company revenue, these expenses decreased by 0.7 percent to 69.3 percent from 70.0 percent in 2023 due to more efficient operations, most notably from restructuring B&R's LTL operations.
- Contractors costs increased by $0.8 million due to the $0.9 million increase in Contractors revenue. Contractors costs as a percentage of Contractors revenue increased to 58.8 percent from 56.6 percent in 2023 due to spot market pricing and the availability of subcontractors in certain markets.

**YTD:** DOE declined by $21.5 million to $504.0 million as compared to $525.5 million in 2023, primarily due to a $20.0 million decline in segment revenue. As a percentage of segment revenue, DOE decreased by 1.0 percent to 67.2 percent from 68.2 percent in 2023.

- Company costs decreased by $22.3 million mainly due to the $22.4 million decrease in Company revenue. As a percentage of Company revenue, these expenses decreased by 0.9 percent to 68.2 percent from 69.1 percent in 2023 due to more efficient operations, mainly from restructuring B&R's LTL operations.
- Contractors costs increased by $0.8 million due to the $2.8 million increase in Contractors revenue. Contractors costs as a percentage of Contractors revenue decreased to 56.5 percent from 57.9 percent in 2023 due to the greater availability of subcontractors in certain markets.

## Selling and Administrative Expenses

**LTL**

| ($ millions) | Three month periods ended December 31 | | | | | | Years ended December 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2024** | | 2023 | | Change | | **2024** | | 2023 | | Change | |
| | **$** | **%*** | $ | %* | $ | % | **$** | **%*** | $ | %* | $ | % |
| Wages and benefits | **17.4** | **9.2** | 18.3 | 9.6 | (0.9) | (4.9) | **67.6** | **9.0** | 69.9 | 9.1 | (2.3) | (3.3) |
| Communications, utilities and general supplies | **8.7** | **4.6** | 8.2 | 4.3 | 0.5 | 6.1 | **33.3** | **4.4** | 33.5 | 4.3 | (0.2) | (0.6) |
| Profit share | **1.4** | **0.7** | 1.4 | 0.7 | — | — | **6.2** | **0.8** | 6.0 | 0.8 | 0.2 | 3.3 |
| Foreign exchange | **—** | **—** | — | — | — | — | **—** | **—** | — | — | — | — |
| Rent and other | **0.8** | **0.4** | 0.9 | 0.6 | (0.1) | (11.1) | **3.9** | **0.6** | 4.8 | 0.6 | (0.9) | (18.8) |
| **Total** | **28.3** | **14.9** | 28.8 | 15.2 | (0.5) | (1.7) | **111.0** | **14.8** | 114.2 | 14.8 | (3.2) | (2.8) |

**as a percentage of total LTL revenue*

**QTD:** S&A expenses decreased by $0.5 million to $28.3 million as compared to $28.8 million in 2023.

- The decrease in wages and benefits expenses resulted mainly from restructuring B&R's LTL operations.
- As a percentage of segment revenue, these expenses decreased slightly to 14.9 percent from 15.2 percent as compared to the prior year period.

**YTD:** S&A expenses decreased by $3.2 million to $111.0 million as compared to $114.2 million in 2023.

- The decrease in wages and benefits expenses resulted from restructuring B&R's LTL operations.
- Lower rent, communications, utilities and general supplies costs were due to cost control measures.
- As a percentage of segment revenue, these expenses remained consistent on a year over year basis at 14.8 percent as our Business Units were able to adapt their cost structures to the impact of lower segment revenues.

## OIBDA

**QTD:** Segment OIBDA was $31.4 million, an increase of $1.5 million, or 5.0 percent, as compared to $29.9 million in 2023.

- Operating margin[1] increased by 0.9 percent to 16.6 percent as compared to 15.7 percent in the prior year, primarily due to lower DOE as a percentage of segment revenue.

**YTD:** Segment OIBDA was $135.4 million, an increase of $4.7 million, or 3.6 percent, as compared to $130.7 million in 2023 due to $2.2 million of incremental OIBDA from acquisitions and lower DOE as a percentage of segment revenue.

- Operating margin[1] improved by 1.0 percent to 18.0 percent as compared to 17.0 percent in the prior year period, primarily due to lower DOE resulting from cost control measures and more efficient operations.

## Capital Expenditures

**LTL**

| ($ millions) | Three month periods ended December 31 | | | Years ended December 31 | | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | Change | **2024** | 2023 | Change |
| | **$** | $ | $ | **$** | $ | $ |
| Purchase of property, plant and equipment | **6.8** | 21.7 | (14.9) | 29.0 | 49.4 | (20.4) |
| Proceeds on sale of property, plant and equipment | **(0.4)** | (0.5) | 0.1 | (1.9) | (1.7) | (0.2) |
| Net capital expenditures[1] | **6.4** | 21.2 | (14.8) | 27.1 | 47.7 | (20.6) |

- The majority of capital invested in 2024 consisted of trucks and trailers to support growth opportunities as well as replace some older less efficient equipment.
- The year over year decrease in the amount of capital invested in this segment related to management's decision to defer certain operating equipment expenditures.

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

# LOGISTICS & WAREHOUSING

## Highlights for the Quarter

The trucking and warehousing industry continues to face significant near-term challenges due to a combination of demand and supply issues. On the demand side, overall freight shipments, in most verticals, were flat with prior year levels. However, many carriers added significant fleet capacity during the last business cycle, most notably in the long-haul sector of the industry. As a result, pricing pressures intensified throughout 2024. Despite these market headwinds, the L&W segment generated solid revenue growth, primarily due to the acquisition of ContainerWorld. In addition, our two largest Business Units in the segment, Bandstra Transportation and Kleysen Group, generated strong results once again.

### *Market Outlook*

We have seen no evidence to suggest that the fundamentals impacting the logistics and warehousing industries will change materially in 2025. On the demand side, the Canadian economy is not growing, the private sector remains reluctant to invest capital in new projects, and governments have little room to sponsor new projects given the high debt levels. In terms of supply, we are seeing stress in the industry with many competitors struggling. But until there are failures or significant industry consolidation, pricing will remain an issue.

Our focus will be on managing the business we currently own and minimizing costs where practical. We have two key Business Units in the segment, Kleysen Group and Bandstra Transportation, that are expected, once again, to generate solid results in 2025. We also expect to see improvement in ContainerWorld, as we change leadership and implement new cost improvement strategies.

## Revenue

**L&W**

| | Three month periods ended December 31 | | | | | | Years ended December 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *($ millions)* | **2024** | | 2023 | | Change | | **2024** | | 2023 | | Change | |
| | **$** | **%** | $ | % | $ | % | **$** | **%** | $ | % | $ | % |
| Company | **102.0** | **63.4** | 74.1 | 52.6 | 27.9 | 37.7 | **352.8** | **58.1** | 276.7 | 49.0 | 76.1 | 27.5 |
| Contractors | **57.7** | **35.9** | 66.4 | 47.2 | (8.7) | (13.1) | **250.2** | **41.2** | 286.6 | 50.7 | (36.4) | (12.7) |
| Other | **1.2** | **0.7** | 0.3 | 0.2 | 0.9 | 300.0 | **4.0** | **0.7** | 1.6 | 0.3 | 2.4 | 150.0 |
| Total | **160.9** | **100.0** | 140.8 | 100.0 | 20.1 | 14.3 | **607.0** | **100.0** | 564.9 | 100.0 | 42.1 | 7.5 |

**QTD:** Segment revenues were $160.9 million, an increase of 14.3 percent, or $20.1 million as compared to $140.8 million in 2023 and was due to the following:

- Acquisitions added $30.9 million of incremental revenues, which was the main contributor to the increase in revenue per day.
- Revenue from our Business Units (excluding acquisitions and fuel surcharge) declined by $8.4 million due to a softer environment for freight and logistics demand as suppliers and manufacturers continued to remain reluctant on increasing inventory levels in 2024 as well as a lack of capital investment in Canada. Revenues also declined from competitive pricing in certain markets.
- Fuel surcharge revenue decreased by $2.4 million to $14.1 million.

**QTD: Revenue Per Working Day L&W**

| *(unaudited)* *($ millions)* | **2024** | **2023** | **Change** |
|---|---|---|---|
| Revenue | **$ 160.9** | $ 140.8 | $ 20.1 |
| Working Days | **62** | 62 | — |
| Revenue Per Working Day | **$ 2.6** | $ 2.3 | $ 0.3 |

**YTD:** Segment revenues were $607.0 million, an increase of 7.5 percent, or $42.1 million as compared to $564.9 million in 2023 and was due to the following:

- Acquisitions added $86.6 million of incremental revenues.
- Revenue from our Business Units (excluding acquisitions and fuel surcharge) declined by $37.3 million due to the ongoing freight recession and from a more competitive pricing environment in certain markets.
- Fuel surcharge revenue decreased by $7.2 million to $58.4 million in 2024 due to lower diesel fuel prices.

| YTD: Revenue Per Working Day L&W | | | | | | |
|---|---|---|---|---|---|---|
| *(unaudited)* *($ millions)* | | **2024** | | **2023** | | **Change** |
| Revenue | **$** | **607.0** | $ | 564.9 | $ | 42.1 |
| Working Days | | **250** | | 250 | | — |
| Revenue Per Working Day | **$** | **2.4** | $ | 2.3 | $ | 0.1 |

## Direct Operating Expenses

| **L&W** | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Three month periods ended December 31** | | | | | | Years ended December 31 | | | | | |
| *($ millions)* | **2024** | | 2023 | | Change | | **2024** | | 2023 | | Change | |
| | **$** | **%*** | $ | %* | $ | % | **$** | **%*** | $ | %* | $ | % |
| Company | | | | | | | | | | | | |
| Wages and benefits | **20.5** | **20.1** | 14.6 | 19.7 | 5.9 | 40.4 | **74.3** | **21.1** | 58.3 | 21.1 | 16.0 | 27.4 |
| Fuel | **5.8** | **5.7** | 5.6 | 7.6 | 0.2 | 3.6 | **23.3** | **6.6** | 22.6 | 8.2 | 0.7 | 3.1 |
| Repairs and maintenance | **8.0** | **7.8** | 7.6 | 10.3 | 0.4 | 5.3 | **31.1** | **8.8** | 29.2 | 10.6 | 1.9 | 6.5 |
| Purchased transportation | **18.9** | **18.5** | 7.8 | 10.5 | 11.1 | 142.3 | **61.4** | **17.4** | 33.8 | 12.2 | 27.6 | 81.7 |
| Operating supplies | **9.0** | **8.8** | 8.8 | 11.9 | 0.2 | 2.3 | **26.8** | **7.6** | 26.8 | 9.7 | — | — |
| Other | **2.4** | **2.4** | 1.9 | 2.5 | 0.5 | 26.3 | **10.3** | **2.9** | 8.1 | 2.8 | 2.2 | 27.2 |
| | **64.6** | **63.3** | 46.3 | 62.5 | 18.3 | 39.5 | **227.2** | **64.4** | 178.8 | 64.6 | 48.4 | 27.1 |
| Contractors | **41.5** | **71.9** | 48.3 | 72.7 | (6.8) | (14.1) | **179.5** | **71.7** | 206.2 | 71.9 | (26.7) | (12.9) |
| Total | **106.1** | **65.9** | 94.6 | 67.2 | 11.5 | 12.2 | **406.7** | **67.0** | 385.0 | 68.2 | 21.7 | 5.6 |

**as a percentage of respective L&W revenue*

**QTD:** DOE increased by $11.5 million to $106.1 million as compared to $94.6 million in 2023, primarily due to the $20.1 million increase in segment revenue. As a percentage of segment revenue, DOE decreased by 1.3 percent to 65.9 percent from 67.2 percent in 2023.

- Company costs increased by $18.3 million and was mainly due to higher Company revenue. As a percentage of Company revenue, these expenses increased by 0.8 percent to 63.3 percent from 62.5 percent in 2023 due to an increase in wages and purchased transportation costs resulting from the financial results at ContainerWorld who utilizes a greater proportion of third-party subcontractors within their operations.
- Contractors costs declined by $6.8 million to $41.5 million due to the $8.7 million decrease in Contractors revenue. Contractors costs as a percentage of Contractors revenue decreased by 0.8 percent to 71.9 percent from 72.7 percent in 2023 due to the greater availability of subcontractors in certain markets.

**YTD:** DOE increased by $21.7 million to $406.7 million as compared to $385.0 million in 2023, primarily due to the $42.1 million increase in segment revenue. As a percentage of segment revenue, DOE decreased by 1.2 percent to 67.0 percent from 68.2 percent in 2023.

- Company costs increased by $48.4 million on higher Company revenue mainly resulting from acquisitions. As a percentage of Company revenue, DOE improved slightly at 64.4 percent despite a more competitive operating environment in 2024.
- Contractors costs declined by $26.7 million to $179.5 million due to the $36.4 million decrease in Contractors revenue. Contractors costs as a percentage of Contractors revenue improved slightly at 71.7 percent due to the greater availability of subcontractors in certain markets.

## Selling and Administrative Expenses

| L&W | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Three month periods ended December 31** | | | | | | Years ended December 31 | | | | | |
| ***($ millions)*** | **2024** | | 2023 | | Change | | **2024** | | 2023 | | Change | |
| | **$** | **%*** | $ | %* | $ | % | **$** | **%*** | $ | %* | $ | % |
| Wages and benefits | **13.4** | **8.3** | 10.5 | 7.5 | 2.9 | 27.6 | **49.9** | **8.2** | 42.7 | 7.6 | 7.2 | 16.9 |
| Communications, utilities and general supplies | **6.1** | **3.8** | 3.7 | 2.6 | 2.4 | 64.9 | **21.7** | **3.6** | 15.8 | 2.8 | 5.9 | 37.3 |
| Profit share | **2.0** | **1.2** | 2.2 | 1.6 | (0.2) | (9.1) | **7.0** | **1.2** | 7.7 | 1.4 | (0.7) | (9.1) |
| Foreign exchange | **(0.6)** | **(0.4)** | 0.3 | 0.2 | (0.9) | (300.0) | **(1.1)** | **(0.2)** | 0.1 | — | (1.2) | (1,200.0) |
| Rent and other | **0.7** | **0.5** | 0.4 | 0.2 | 0.3 | 75.0 | **2.9** | **0.4** | 1.6 | 0.2 | 1.3 | 81.2 |
| **Total** | **21.6** | **13.4** | 17.1 | 12.1 | 4.5 | 26.3 | **80.4** | **13.2** | 67.9 | 12.0 | 12.5 | 18.4 |

**as a percentage of total L&W revenue*

**QTD:** S&A expenses increased by $4.5 million to $21.6 million as compared to $17.1 million in 2023.

- The increase of $4.5 million was mainly due to $6.0 million of incremental S&A expenses from acquisitions and higher inflationary costs associated with wages, utilities and general supplies.
- These increases were somewhat offset by a $0.9 million positive variance in foreign exchange.
- As a percentage of segment revenue, these expenses increased to 13.4 percent from 12.1 percent last year and was mainly due to higher S&A expenses from acquisitions.

**YTD:** S&A expenses increased by $12.5 million to $80.4 million as compared to $67.9 million in 2023.

- The increase of $12.5 million was due to $16.0 million of incremental S&A expenses from acquisitions being somewhat offset by cost control measures, a $1.2 million positive variance in foreign exchange and a $0.7 million decrease in profit share.
- As a percentage of segment revenue, these expenses increased to 13.2 percent from 12.0 percent last year as most Business Units, owned for more than one year, generated less revenue combined with the relatively fixed nature of S&A expenses.

## OIBDA

**QTD:** Segment OIBDA was $33.2 million, an increase of $4.1 million, or 14.1 percent, as compared to $29.1 million in 2023 due to the following factors:

- Acquisitions added $5.4 million of incremental OIBDA.
- OIBDA generated by our legacy Business Units, owned for more than one year, decreased by $1.3 million due to revenue declines resulting from lower freight volumes and more competitive pricing.
- Operating margin[1] decreased slightly by 0.1 percent to 20.6 percent as compared to 20.7 percent in the prior year period, primarily due to higher S&A costs.

**YTD:** Segment OIBDA was $119.9 million, an increase of $7.9 million, or 7.1 percent, as compared to $112.0 million in 2023 due to the increase in segment revenue.

- Acquisitions added $16.0 million of incremental OIBDA.
- OIBDA generated by our legacy Business Units, owned for more than one year, declined by $8.1 million due to a more competitive operating environment in 2024.
- Operating margin[1] remained consistent at 19.8 percent as compared to the prior year period.

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

## Capital Expenditures

| L&W | | | | | | |
|---|---|---|---|---|---|---|
| | Three month periods ended December 31 | | | Years ended December 31 | | |
| *($ millions)* | **2024** | 2023 | Change | **2024** | 2023 | Change |
| | **$** | $ | $ | **$** | $ | $ |
| Purchase of property, plant and equipment | **10.0** | 2.7 | 7.3 | 21.1 | 22.4 | (1.3) |
| Proceeds on sale of property, plant and equipment | **(0.3)** | (0.8) | 0.5 | (2.5) | (3.2) | 0.7 |
| Net capital expenditures[1] | **9.7** | 1.9 | 7.8 | 18.6 | 19.2 | (0.6) |

- The majority of the capital invested in 2024 consisted of new trucks, trailers and operating equipment to replace some older less efficient equipment.

S&I

# SPECIALIZED & INDUSTRIAL SERVICES

## Highlights for the Quarter

The S&I segment operating results for 2024 were consistent with 2023, recording a slight decrease in revenue of 2.3 percent. Lack of capital investment in Canada remained the trend in 2024, which impacted this segment, most notably with Premay Pipeline as pipeline activity virtually came to a halt. Activity tied to infrastructure spend moderated in the year as did drilling activity, which slowed in the last half of the year. There was an increase in maintenance and turnaround work, which benefited our production related businesses, and we realized full year results of acquisitions made in this segment in the prior year. The result of this was revenues of $457.1 million, a decrease of $10.9 million, as compared to $468.0 million.

From an earnings perspective, margins were down slightly, most of which came from the loss of pipeline related work. The turnaround work our production services Business Units performed did provide increases in operating margin[1], which offset declines recorded by Premay Pipeline. In the year we continued with the integration and transition of B&R, which resulted in some one-off expenses that are non-recurring, and we continued with the winddown of our OK Drilling and Treo Drilling businesses, both of which negatively impacted OIBDA.

### *Market Outlook*

We are well positioned to capitalize on increased activity in the energy, natural resources and infrastructure sectors in Canada, when capital investments returns. Like many, we await to see what the new geopolitical climate holds for Canada. Fortunately, Mullen Group's diversified business model affords us the option to be patient. For this coming year, we will continue to invest in building out our state-of-the-art robotic systems for turnaround projects and building out our capacity within our well disposal business.

## Revenue

| S&I | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Three month periods ended December 31 | | | | | | Years ended December 31 | | | | | |
| *($ millions)* | **2024** | | 2023 | | Change | | **2024** | | 2023 | | Change | |
| | **$** | **%** | $ | % | $ | % | **$** | **%** | $ | % | $ | % |
| Company | **82.9** | **79.9** | 91.2 | 74.4 | (8.3) | (9.1) | **360.1** | **78.8** | 361.2 | 77.2 | (1.1) | (0.3) |
| Contractors | **19.6** | **18.9** | 30.9 | 25.2 | (11.3) | (36.6) | **92.5** | **20.2** | 105.4 | 22.5 | (12.9) | (12.2) |
| Other | **1.3** | **1.2** | 0.4 | 0.4 | 0.9 | 225.0 | **4.5** | **1.0** | 1.4 | 0.3 | 3.1 | 221.4 |
| **Total** | **103.8** | **100.0** | 122.5 | 100.0 | (18.7) | (15.3) | **457.1** | **100.0** | 468.0 | 100.0 | (10.9) | (2.3) |

QTD: Segment revenues were $103.8 million, a decrease of 15.3 percent, or $18.7 million as compared to $122.5 million in 2023.

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

- The substantial completion of TMX and CGL led to lower activity levels resulting in an $11.1 million reduction in revenue for pipeline hauling and stringing services at Premay Pipeline. Smook Contractors Ltd. ("**Smook**") also experienced lower demand for civil construction services in northern Manitoba.
- Fuel surcharge revenue decreased by $0.5 million to $2.0 million as compared to the prior year period.

| **QTD: Revenue Per Working Day S&I** | | | | | | |
|---|---|---|---|---|---|---|
| ***(unaudited)*** ***($ millions)*** | | **2024** | | **2023** | | **Change** |
| Revenue | **$** | **103.8** | $ | 122.5 | $ | (18.7) |
| Working Days | | **62** | | 62 | | — |
| Revenue Per Working Day | **$** | **1.7** | $ | 2.0 | $ | (0.3) |

**YTD:** Segment revenues were $457.1 million, a decrease of 2.3 percent, or $10.9 million as compared to $468.0 million in 2023.

- The substantial completion of TMX and CGL led to lower activity levels resulting in a $32.6 million reduction in revenue for Premay Pipeline. Smook also experienced a $10.6 million decline in revenue.
- Revenue from our production services Business Units increased by $10.9 million due to certain projects related to facility maintenance and turnaround work.
- Acquisitions also added $17.9 million of incremental revenue.
- Fuel surcharge revenue decreased by $1.2 million to $8.2 million as compared to the prior year period.

| **YTD: Revenue Per Working Day S&I** | | | | | | |
|---|---|---|---|---|---|---|
| ***(unaudited)*** ***($ millions)*** | | **2024** | | **2023** | | **Change** |
| Revenue | **$** | **457.1** | $ | 468.0 | $ | (10.9) |
| Working Days | | **250** | | 250 | | — |
| Revenue Per Working Day | **$** | **1.8** | $ | 1.9 | $ | (0.1) |

## Direct Operating Expenses

| **S&I** | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Three month periods ended December 31** | | | | | | Years ended December 31 | | | | | |
| ***($ millions)*** | **2024** | | 2023 | | Change | | **2024** | | 2023 | | Change | |
| | **$** | **%*** | $ | %* | $ | % | **$** | **%*** | $ | %* | $ | % |
| Company | | | | | | | | | | | | |
| Wages and benefits | **20.8** | **25.1** | 22.3 | 24.5 | (1.5) | (6.7) | **88.6** | **24.6** | 90.3 | 25.0 | (1.7) | (1.9) |
| Fuel | **6.4** | **7.7** | 7.5 | 8.2 | (1.1) | (14.7) | **26.8** | **7.4** | 26.2 | 7.3 | 0.6 | 2.3 |
| Repairs and maintenance | **14.8** | **17.9** | 15.5 | 17.0 | (0.7) | (4.5) | **58.9** | **16.4** | 60.4 | 16.7 | (1.5) | (2.5) |
| Purchased transportation | **5.3** | **6.4** | 3.2 | 3.5 | 2.1 | 65.6 | **20.9** | **5.8** | 9.0 | 2.5 | 11.9 | 132.2 |
| Operating supplies | **8.8** | **10.6** | 9.6 | 10.5 | (0.8) | (8.3) | **39.6** | **11.0** | 44.8 | 12.4 | (5.2) | (11.6) |
| Other | **2.2** | **2.6** | 2.3 | 2.5 | (0.1) | (4.3) | **10.4** | **2.9** | 8.6 | 2.4 | 1.8 | 20.9 |
| | **58.3** | **70.3** | 60.4 | 66.2 | (2.1) | (3.5) | **245.2** | **68.1** | 239.3 | 66.3 | 5.9 | 2.5 |
| Contractors | **15.9** | **81.1** | 26.6 | 86.1 | (10.7) | (40.2) | **75.9** | **82.1** | 88.4 | 83.9 | (12.5) | (14.1) |
| Total | **74.2** | **71.5** | 87.0 | 71.0 | (12.8) | (14.7) | **321.1** | **70.2** | 327.7 | 70.0 | (6.6) | (2.0) |

**as a percentage of respective S&I revenue*

**QTD:** DOE decreased by $12.8 million to $74.2 million as compared to $87.0 million in 2023. The decrease of $12.8 million was due to the $18.7 million decrease in segment revenue. As a percentage of segment revenue, DOE increased slightly to 71.5 percent.

- Company costs decreased in absolute dollar terms due to the year over year decrease in Company revenue. Company costs increased as a percentage of Company revenue due to a reduction of higher margin business.
- Contractors costs decreased in absolute dollar terms due to the decrease in Contractors revenue. Contractors costs, as a percentage of Contractors revenue decreased as compared to the corresponding prior year due to the greater availability of subcontractors in certain markets.

**YTD:** DOE decreased by $6.6 million to $321.1 million as compared to $327.7 million in 2023. The decrease of $6.6 million was due to the $10.9 million decrease in segment revenue. As a percentage of segment revenue, DOE remained relatively consistent with 2023 at 70.2 percent.

- Company costs increased in absolute dollar terms due to the increase in Company revenue. Company costs increased as a percentage of Company revenue due to higher purchased transportation costs resulting from the operations at B&R and from using subcontractors for certain facility maintenance turnaround work.
- Contractors costs decreased in absolute dollar terms due to the decline in Contractors revenue. Contractors costs, as a percentage of Contractors revenue decreased as compared to the corresponding prior year due to the greater availability of subcontractors in certain markets.

## Selling and Administrative Expenses

**S&I**

| | **Three month periods ended December 31** | | | | | | Years ended December 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***($ millions)*** | **2024** | | 2023 | | Change | | **2024** | | 2023 | | Change | |
| | **$** | **%*** | $ | %* | $ | % | **$** | **%*** | $ | %* | $ | % |
| Wages and benefits | **8.0** | **7.7** | 6.1 | 5.0 | 1.9 | 31.1 | **29.6** | **6.5** | 24.1 | 5.1 | 5.5 | 22.8 |
| Communications, utilities and general supplies | **4.2** | **4.0** | 3.7 | 3.0 | 0.5 | 13.5 | **15.9** | **3.5** | 14.4 | 3.1 | 1.5 | 10.4 |
| Profit share | **0.8** | **0.8** | 1.3 | 1.1 | (0.5) | (38.5) | **4.3** | **0.9** | 5.3 | 1.1 | (1.0) | (18.9) |
| Foreign exchange | **—** | **—** | — | — | — | — | **—** | **—** | — | — | — | — |
| Rent and other | **0.4** | **0.4** | (0.2) | (0.2) | 0.6 | (300.0) | **1.3** | **0.3** | 1.2 | 0.3 | 0.1 | 8.3 |
| Total | **13.4** | **12.9** | 10.9 | 8.9 | 2.5 | 22.9 | **51.1** | **11.2** | 45.0 | 9.6 | 6.1 | 13.6 |

**as a percentage of total S&I revenue*

**QTD:** S&A expenses were $13.4 million as compared to $10.9 million in 2023.

- The increase of $2.5 million was due to $1.9 million of higher inflationary and severance costs associated with wages, utilities and general supplies.
- As a percentage of segment revenue, these expenses increased to 12.9 percent as compared to 8.9 percent in 2023.

**YTD:** S&A expenses were $51.1 million as compared to $45.0 million in 2023.

- The increase of $6.1 million was due to $2.4 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 increased to 11.2 percent as compared to 9.6 percent in 2023.

## OIBDA

**QTD:** Segment OIBDA was $16.2 million, a decrease of $8.4 million as compared to $24.6 million in 2023. The decrease was due to lower OIBDA at Premay Pipeline on reduced activity levels and from lower OIBDA at Mullen Oilfield Services L.P. and B&R.

- Operating margin[1] decreased to 15.6 percent as compared to 20.1 percent in 2023 on higher DOE due to a reduction in higher margin business and from higher S&A costs.

**YTD:** Segment OIBDA was $84.9 million, a decrease of $10.4 million as compared to $95.3 million in 2023. The decrease was caused by lower OIBDA at Premay Pipeline while Canadian Dewatering experienced lower OIBDA due to a change in sales mix and from lower demand for dewatering services. These decreases were somewhat offset by the production services Business Units that experienced higher OIBDA due to certain project work and acquisitions that added $2.1 million of incremental OIBDA.

- Operating margin[1] decreased to 18.6 percent as compared to 20.4 percent in 2023 due to higher S&A expenses as a percentage of segment revenue and a reduction of higher margin business.

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

## Capital Expenditures

| S&I | Three month periods ended December 31 | | | Years ended December 31 | | |
|---|---|---|---|---|---|---|
| *($ millions)* | **2024** | 2023 | Change | **2024** | 2023 | Change |
| | **$** | $ | $ | **$** | $ | $ |
| Purchase of property, plant and equipment | **1.9** | 3.1 | (1.2) | 16.5 | 24.3 | (7.8) |
| Proceeds on sale of property, plant and equipment | **(2.1)** | (6.7) | 4.6 | (8.5) | (13.6) | 5.1 |
| Net capital expenditures[1] | **(0.2)** | (3.6) | 3.4 | 8.0 | 10.7 | (2.7) |

- The majority of the capital invested in 2024 consisted of pumps and water management equipment to support demand at Canadian Dewatering; trucks and robotic tooling equipment to support demand at Cascade Energy; and to replenish operating equipment for those Business Units involved in the transportation of fluids, servicing of wells and drilling related services.

US 3PL

# U.S. & INTERNATIONAL LOGISTICS

## Highlights for the Quarter

The 3PL business remained in a very competitive state in 2024. Even with the rebalancing of inventories normalizing, the excess trucking capacity in the U.S. market maintained the supply and demand imbalance in the favour of shippers. However, the fourth quarter of the year did see the tightening of trucking capacity, particularly in the truckload market.

HAUListic's revenue declined approximately 7.0 percent in 2024 to $184.5 million as compared to $198.2 million in 2023, most of which relates to the soft freight environment for the first three quarters of 2024. From an operating margin[1] perspective, the 2024 operating margin[1] decreased slightly to 1.5 percent from 1.8 percent in 2023, mainly due to the fixed nature of S&A expenses and our continued investment in our proprietary transportation management system ("**TMS**"), Silver Express™.

### *Market Outlook*

With new leadership in the U.S. and a pro-growth economic agenda, there appears to be a catalyst for increased economic activity that should translate into improved freight activity. Recently, the outbound tender rejection rate, a measure of relative trucking capacity, signaled a tightening market suggesting that trucking capacity is leaving the market. We will monitor outbound rejection rates and spot market pricing for opportunities that add volume and secure a stronger net margin. In addition, we will be committing additional resources to building out our independent sales agent group and enhancing our industry leading SilverExpress™ TMS.

## Revenue

| US 3PL | Three month periods ended December 31 | | | | | | Years ended December 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *($ millions)* | **2024** | | 2023 | | Change | | **2024** | | 2023 | | Change | |
| | **$** | **%** | $ | % | $ | % | **$** | **%** | $ | % | $ | % |
| Company | **—** | **—** | — | — | — | — | **—** | **—** | — | — | — | — |
| Contractors | **47.5** | **100.0** | 47.7 | 100.0 | (0.2) | (0.4) | **184.5** | **100.0** | 198.3 | 100.0 | (13.8) | (7.0) |
| Other | **—** | **—** | — | — | — | — | **—** | **—** | — | — | — | — |
| **Total** | **47.5** | **100.0** | 47.7 | 100.0 | (0.2) | (0.4) | **184.5** | **100.0** | 198.3 | 100.0 | (13.8) | (7.0) |

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

**QTD:** Segment revenue decreased by $0.2 million to $47.5 million as compared to $47.7 million in 2023 due to lower freight demand for full truckload shipments and lower pricing per shipment resulting from the ongoing competitive operating environment in the U.S. market.

| **Revenue Per Working Day US 3PL** | | | | | | |
|---|---|---|---|---|---|---|
| *(unaudited)* *($ millions)* | | **2024** | | **2023** | | **Change** |
| Revenue | **$** | **47.5** | $ | 47.7 | $ | (0.2) |
| Working Days | | **62** | | 62 | | — |
| Revenue Per Working Day | **$** | **0.8** | $ | 0.8 | $ | — |

**YTD:** Segment revenue decreased by $13.8 million to $184.5 million as compared to $198.3 million in 2023 due to the ongoing competitive operating environment in the U.S. market.

| **Revenue Per Working Day US 3PL** | | | | | | |
|---|---|---|---|---|---|---|
| *(unaudited)* *($ millions)* | | **2024** | | **2023** | | **Change** |
| Revenue | **$** | **184.5** | $ | 198.3 | $ | (13.8) |
| Working Days | | **250** | | 250 | | — |
| Revenue Per Working Day | **$** | **0.7** | $ | 0.8 | $ | (0.1) |

## Direct Operating Expenses

| **US 3PL** | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Three month periods ended December 31** | | | | | | Years ended December 31 | | | | | |
| *($ millions)* | **2024** | | 2023 | | Change | | **2024** | | 2023 | | Change | |
| | **$** | **%*** | $ | %* | $ | % | **$** | **%*** | $ | %* | $ | % |
| Company | | | | | | | | | | | | |
| Wages and benefits | **—** | **—** | — | — | — | — | **—** | **—** | — | — | — | — |
| Fuel | **—** | **—** | — | — | — | — | **—** | **—** | — | — | — | — |
| Repairs and maintenance | **—** | **—** | — | — | — | — | **—** | **—** | — | — | — | — |
| Purchased transportation | **—** | **—** | — | — | — | — | **—** | **—** | — | — | — | — |
| Operating supplies | **—** | **—** | — | — | — | — | **—** | **—** | — | — | — | — |
| Other | **0.3** | **—** | 0.2 | — | 0.1 | 50.0 | **1.0** | **—** | 0.8 | — | 0.2 | 25.0 |
| | **0.3** | **—** | 0.2 | — | 0.1 | 50.0 | **1.0** | **—** | 0.8 | — | 0.2 | 25.0 |
| Contractors | **43.3** | **91.2** | 43.4 | 91.0 | (0.1) | (0.2) | **167.7** | **90.9** | 179.4 | 90.5 | (11.7) | (6.5) |
| Total | **43.6** | **91.8** | 43.6 | 91.4 | — | — | **168.7** | **91.4** | 180.2 | 90.9 | (11.5) | (6.4) |

**as a percentage of respective US 3PL revenue*

**QTD:** DOE remained consistent with the prior year period at $43.6 million.

- As a percentage of segment revenue, DOE increased slightly in 2024 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.

**YTD:** DOE were $168.7 million as compared to $180.2 million in 2023. The decrease of $11.5 million was due to the $13.8 million decrease in segment revenue.

- As a percentage of segment revenue, DOE increased in 2024 as compared to the prior year period due to lower margins recognized on contracted freight shipments.

## Selling and Administrative Expenses

**US 3PL**

| ($ millions) | Three month periods ended December 31 | | | | | | Years ended December 31 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2024** | | 2023 | | Change | | **2024** | | 2023 | | Change | |
| | **$** | **%*** | $ | %* | $ | % | **$** | **%*** | $ | %* | $ | % |
| Wages and benefits | **2.3** | **4.8** | 2.4 | 5.0 | (0.1) | (4.2) | **9.6** | **5.2** | 9.6 | 4.8 | — | — |
| Communications, utilities and general supplies | **0.7** | **1.5** | 0.9 | 1.9 | (0.2) | (22.2) | **3.0** | **1.6** | 3.5 | 1.8 | (0.5) | (14.3) |
| Profit share | **—** | **—** | 0.1 | 0.2 | (0.1) | (100.0) | **0.1** | **0.1** | 0.2 | 0.1 | (0.1) | (50.0) |
| Foreign exchange | **(0.5)** | **(1.1)** | 0.2 | 0.4 | (0.7) | (350.0) | **(0.7)** | **(0.4)** | 0.2 | 0.1 | (0.9) | (450.0) |
| Rent and other | **0.3** | **0.7** | 0.1 | 0.3 | 0.2 | 200.0 | **1.1** | **0.6** | 1.0 | 0.5 | 0.1 | 10.0 |
| Total | **2.8** | **5.9** | 3.7 | 7.8 | (0.9) | (24.3) | **13.1** | **7.1** | 14.5 | 7.3 | (1.4) | (9.7) |

**as a percentage of total US 3PL revenue*

**QTD:** S&A expenses were $2.8 million as compared to $3.7 million in 2023. The decrease of $0.9 million was mainly due to a positive variance in foreign exchange.

- As a percentage of segment revenue, S&A expenses decreased as compared to the prior year due to a positive variance in foreign exchange.

**YTD:** S&A expenses were $13.1 million as compared to $14.5 million in 2023. The decrease of $1.4 million was due to a positive variance in foreign exchange and from lower general supplies costs resulting from cost control measures.

- As a percentage of segment revenue, S&A expenses remained relatively consistent as compared to the prior year.

## OIBDA

**QTD:** Segment OIBDA was $1.1 million, an increase of $0.7 million as compared to $0.4 million in 2023, primarily due to lower S&A expenses which were driven by a positive variance in foreign exchange.

- Operating margin[1] improved in the fourth quarter primarily due to lower S&A expenses as a percentage of revenue.
- Operating margin[1] as a percentage of net revenue[2] was 28.2 percent as compared to 9.8 percent in 2023.

**YTD:** Segment OIBDA was $2.7 million, a decrease of $0.9 million as compared to $3.6 million in 2023, primarily due to lower segment revenue.

- Operating margin[1] declined to 1.5 percent from 1.8 percent in 2023, primarily due to higher DOE as a percentage of revenue.
- Operating margin[1] as a percentage of net revenue[2] was 17.1 percent as compared to 19.9 percent in 2023.

## 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 gain of $3.1 million in the fourth quarter of 2024 as compared to a loss of $4.8 million in the same period in 2023. The $7.9 million improvement was mainly attributable to an $8.7 million positive variance in foreign exchange, which was somewhat offset by higher information technology costs.

In 2024, the Corporate Office recorded a loss of $10.7 million as compared to a loss of $13.4 million in 2023. The $2.7 million improvement was mainly attributable to a $7.9 million positive variance in foreign exchange, which was somewhat offset by higher information technology costs, higher professional fees associated with restructuring the Corporation's balance sheet and acquisitions, and from a lower annual distribution received from Kriska Transportation Group Limited.

[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

| | | Years ended December 31 | | |
|---|---|---|---|---|
| ***($ millions)*** | | **2024** | | **2023** |
| Net cash from operating activities | **$** | **296.1** | $ | 276.8 |
| Net cash used in financing activities | | **(51.6)** | | (174.1) |
| Net cash used in investing activities | | **(111.9)** | | (109.9) |
| Change in cash and cash equivalents | | **132.6** | | (7.2) |
| Effect of exchange rate fluctuations on cash held | | **(8.6)** | | 0.7 |
| Cash and cash equivalents, beginning of period | | **2.3** | | 8.8 |
| Cash and cash equivalents, end of period | **$** | **126.3** | $ | 2.3 |

## 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 $296.1 million in 2024 as compared to $276.8 million in 2023. The increase of $19.3 million was mainly due to higher OIBDA and from a reduction in the amount of income tax paid in 2024 as compared to 2023, which was somewhat offset by using more cash to finance working capital requirements in 2024 as compared to 2023.

***Cash Used In Financing Activities***

Net cash used in financing activities was $51.6 million in 2024 as compared to $174.1 million in 2023. The $122.5 million decrease in net cash used in financing activities was mainly due to issuing the 2024 Notes for $399.3 million and from a decrease in cash used to repurchase and cancel Common Shares under the NCIB. These factors were somewhat offset by using a greater amount of cash to repay some of our 2014 Notes that matured in October 2024 as well as repaying amounts being borrowed on our New Bank Credit Facilities. Additionally, a greater amount of cash was used in 2024 to repay lease liabilities, to pay interest obligations and to pay higher dividends to common shareholders due to increasing the monthly dividend to $0.07 from $0.06 per Common Share in 2024.

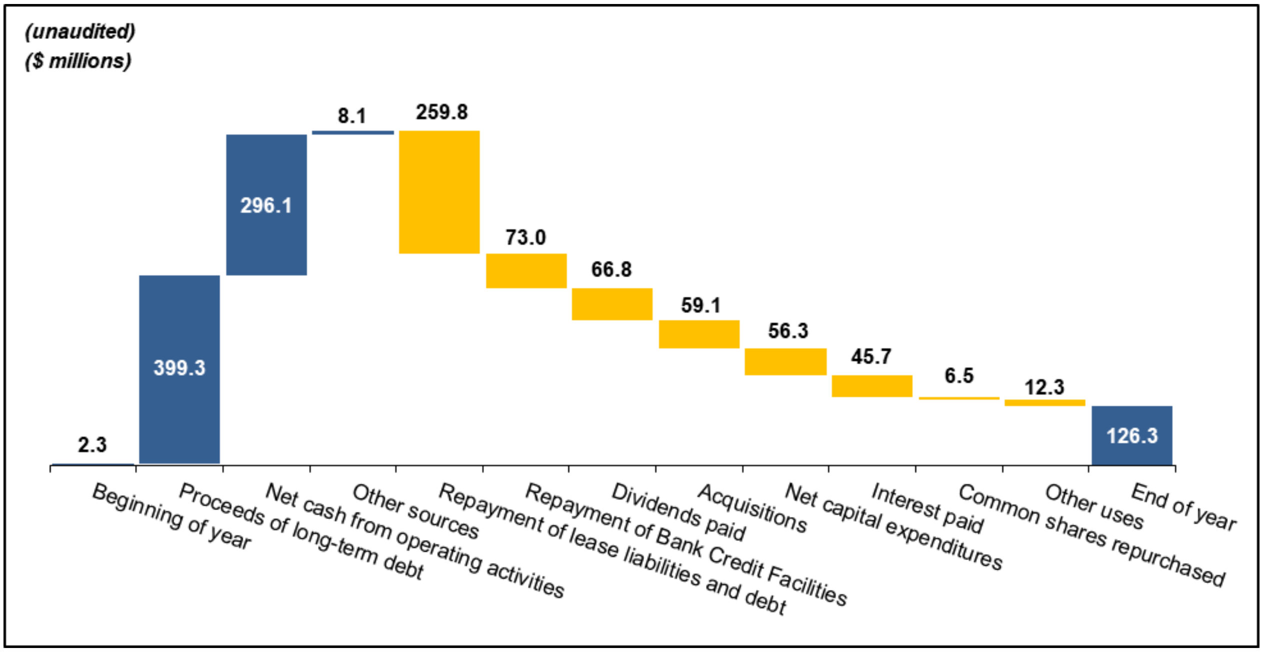
***Cash Used In Investing Activities***

Net cash used in investing activities increased to $111.9 million in 2024 as compared to $109.9 million in 2023. This $2.0 million increase was mainly due to $33.5 million of higher acquisition costs being mostly offset by a $32.5 million decrease in net capital expenditures[1].

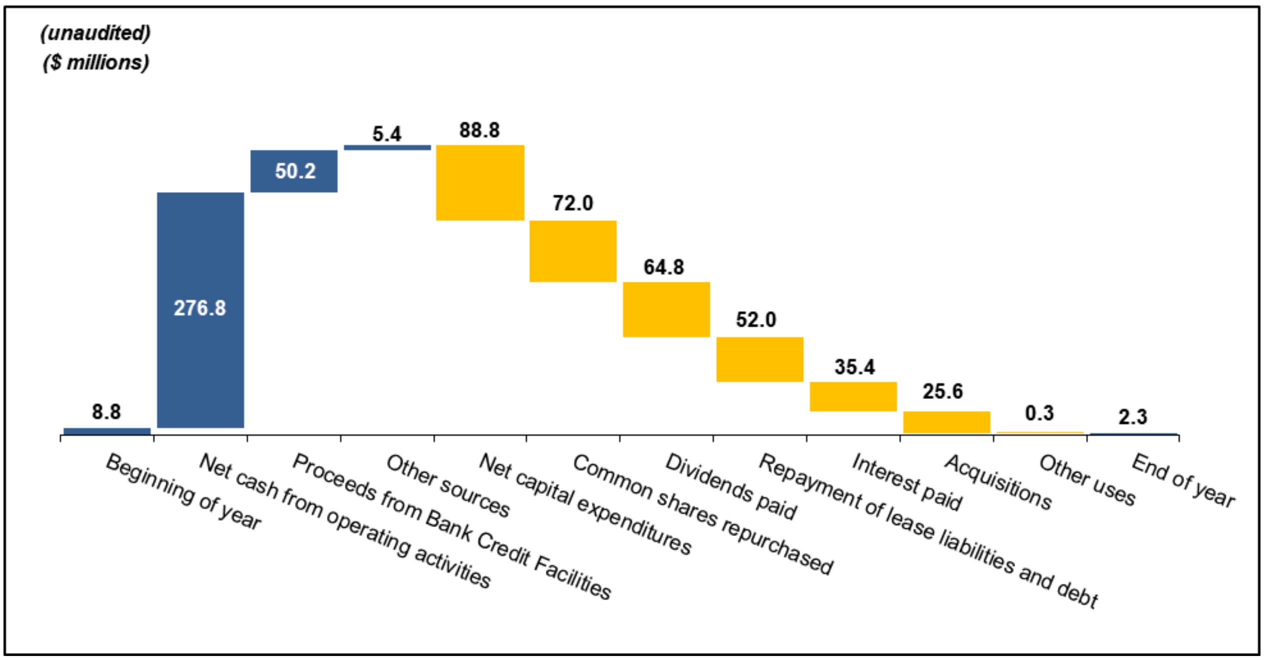
[1] Refer to the section entitled "Other Financial Measures".

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

## Year ended December 31, 2024




## Year ended December 31, 2023




## Working Capital

At December 31, 2024, we had $281.5 million of working capital as compared to a $119.1 million working capital deficit as at December 31, 2023. Working capital included $126.3 million of cash and cash equivalents as a result of the Offering. Mullen Group also has $525.0 million of borrowing capacity on its undrawn New Bank Credit Facilities. This working capital, the New Bank Credit Facilities, and the anticipated cash flow from operating activities in 2025 are available to finance ongoing working capital requirements, the NCIB program, the 2025 dividends, the 2025 capital budget, as well as various special projects and acquisition opportunities

# DEBT AND CONTRACTUAL OBLIGATIONS

## Private Placement Debt

As at December 31, 2024, total debt less working capital was $672.7 million, (December 31, 2023 – $541.0 million), which consisted of total debt of $997.6 million (December 31, 2023 – $764.0 million) less working capital (excluding the current portion of long-term debt and lease liabilities) of $324.9 million (December 31, 2023 – $223.0 million). The primary reason for the increase in the carrying value of the long-term debt was due to the issuance of the 2024 Notes. Total debt is comprised of the Private Placement Debt, the Debentures, lease liabilities, bank indebtedness and various financing loans. The following table summarizes total debt less working capital as at December 31, 2024, and December 31, 2023.

| | | December 31, 2024 | | December 31, 2023 | | |
|---|---|---|---|---|---|---|
| *($ millions)* | Interest Rate | U.S. Dollar | CDN. Dollar Equivalent | U.S. Dollar | CDN. Dollar Equivalent | Change in CDN. Dollar Equivalent |
| Private Placement Debt: | | | | | | |
| Series G - matured October 22, 2024 | 3.84% | $ — | $ — | $ 117.0 | $ 154.8 | **$ (154.8)** |
| Series H - matures October 22, 2026 | 3.94% | 112.0 | 161.2 | 112.0 | 148.1 | **13.1** |
| Series I - matured October 22, 2024 | 3.88% | — | — | — | 30.0 | **(30.0)** |
| Series J - matures October 22, 2026 | 4.00% | — | 3.0 | — | 3.0 | **—** |
| Series K - matured October 22, 2024 | 3.95% | — | — | — | 58.0 | **(58.0)** |
| Series L - matures October 22, 2026 | 4.07% | — | 80.0 | — | 80.0 | **—** |
| Series M - matures July 10, 2034 | 5.93% | — | 300.0 | — | — | **300.0** |
| Series N - matures July 10, 2034 | 6.50% | 75.0 | 107.9 | — | — | **107.9** |
| Bank indebtedness | variable[1] | — | — | — | 73.0 | **(73.0)** |
| Various financing loans | 3.31% – 5.99% | — | 0.1 | — | 0.9 | **(0.8)** |
| Less: | | | | | | |
| Unamortized debt issuance costs | | — | (2.9) | — | (0.3) | **(2.6)** |
| Long-term debt (including the current portion) | | — | 649.3 | 229.0 | 547.5 | **101.8** |
| Debentures – debt component | 5.75% | — | 120.5 | — | 118.1 | **2.4** |
| Lease liabilities (including the current portion) | 3.20% | — | 227.8 | — | 98.4 | **129.4** |
| **Total debt** | | $ 187.0 | $ 997.6 | $ 229.0 | $ 764.0 | **$ 233.6** |
| Less: | | | | | | |
| Working capital (excluding the bank indebtedness and the current portion of long-term debt and leases) | | | 324.9 | | 223.0 | **101.9** |
| **Total debt less working capital** | | | $ 672.7 | | $ 541.0 | **$ 131.7** |

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

## 2014 Notes

2014 Total Net Debt[1] to 2014 Operating Cash Flow. Mullen Group's 2014 total net debt[1] cannot exceed 3.5 times 2014 operating cash flow calculated using the trailing twelve months' financial results normalized for acquisitions. The term "**2014 total net debt**[1]", as defined within the 2014 Notes agreement, means all debt excluding the Debentures less any unrealized gain on Cross-Currency Swaps plus any unrealized loss on Cross-Currency Swaps as disclosed within Derivatives on the consolidated statement of financial position but includes the Private Placement Debt, lease liabilities, credit facilities and letters of credit. The term "**2014 operating cash flow**", as defined within the 2014 Notes agreement, means, for any quarterly period, the trailing twelve months' consolidated net income adjusted for all amounts deducted in the computation thereof on account of (i) taxes imposed on or measured by income or excess profits; (ii) depreciation and amortization taken during such period; (iii) total interest charges, including interest on the Debentures; and (iv) non-cash charges.

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

2014 total net debt[1] to 2014 operating cash flow was calculated as follows:

| 2014 total net debt[1] to 2014 operating cash flow | December 31 2024 | December 31 2023 |
|---|---|---|
| 2014 total net debt[1] | $ 850.1 | $ 604.8 |
| 2014 operating cash flow | $ 339.2 | $ 330.0 |
| 2014 total net debt[1] to 2014 operating cash flow | 2.51:1 | 1.83:1 |

*[1] Refer to the section entitled "Other Financial Measures".*

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

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

| Financial Covenants | Financial Covenant Threshold | December 31 2024 | December 31 2023 |
|---|---|---|---|
| 2014 Notes Covenants | | | |
| (a) 2014 total net debt[1] to 2014 operating cash flow cannot exceed | 3.50:1 | 2.51:1 | 1:83:1 |
| (b) Total earnings available for fixed charges to total fixed charges cannot be less than | 1.75:1 | 8.14:1 | 10.51:1 |

*[1] Refer to the section entitled "Other Financial Measures".*

2014 total net debt[1] to 2014 operating cash flow was 2.51:1 at December 31, 2024. Assuming the $850.1 million of 2014 total net debt[1] remains constant, we would need to generate approximately $242.9 million of 2014 operating cash flow on a trailing twelve month basis to remain in compliance with this financial covenant.

## 2024 Notes

2024 Total Net Debt[1] to 2024 Operating Cash Flow. Mullen Group's 2024 total net debt[1] cannot exceed 3.5 times 2024 operating cash flow calculated using the trailing twelve months' financial results normalized for acquisitions. The term "**2024 total net debt**[1]", as defined within the 2024 Notes agreement, means all debt including the Debentures less any real property lease liabilities and any unrealized gain on Cross-Currency Swaps plus any unrealized loss on Cross-Currency Swaps as disclosed within Derivatives on the consolidated statement of financial position but includes the Private Placement Debt, lease liabilities associated with operating equipment, the New Bank Credit Facilities and letters of credit. The term "**2024 operating cash flow**", as defined within the 2024 Note agreement, means, for any quarterly period, the trailing twelve months' consolidated net income adjusted for all amounts deducted in the computation thereof on account of (i) taxes imposed on or measured by income or excess profits; (ii) depreciation and amortization taken during such period; (iii) total interest charges; (iv) interest charges with respect to the Debentures; and (v) non-cash charges.

2024 total net debt[1] to 2024 operating cash flow was calculated as follows:

| 2024 total net debt[1] to 2024 operating cash flow | December 31 2024 |
|---|---|
| 2024 total net debt[1] | $ 758.2 |
| 2024 operating cash flow | $ 339.2 |
| 2024 total net debt[1] to 2024 operating cash flow | 2.24:1 |

*[1] Refer to the section entitled "Other Financial Measures".*

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

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

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

| Financial Covenants | Financial Covenant Threshold | December 31 2024 |
|---|---|---|
| 2024 Notes Covenants | | |
| (a) 2024 total net debt[1] to 2024 operating cash flow cannot exceed | 3.50:1 | **2.24:1** |
| (b) Total earnings available for fixed charges to total fixed charges cannot be less than | 1.75:1 | **6.96:1** |

*[1] Refer to the section entitled "Other Financial Measures".*

2024 total net debt[1] to 2024 operating cash flow was 2.24:1 at December 31, 2024. Assuming the $758.2 million of 2024 total net debt[1] remains constant, we would need to generate approximately $216.6 million of 2024 operating cash flow on a trailing twelve month basis to remain in compliance with this financial covenant.

Mullen Group is also subject to a priority debt covenant. The term "priority debt" means all indebtedness secured by permitted liens excluding certain qualified subsidiary debt. Priority debt cannot exceed 15.0 percent of total assets. At December 31, 2024, the priority debt was $10.0 million or 0.5 percent of total assets.

Our debt-to-equity ratio was 0.98:1 at December 31, 2024, as compared to 0.78:1 at December 31, 2023. This increase in the debt-to-equity ratio was due to the net effect of a $233.6 million increase in total debt (including the current portion) and a $42.0 million increase in equity as compared to December 31, 2023. The $233.6 million increase in total debt was due to the issuance of the 2024 Notes and an increase in lease liabilities mainly resulted from the ContainerWorld acquisition, which was somewhat offset by the repayment of certain 2014 Notes and the repayment of our credit facilities. The $42.0 million increase in equity mainly resulted from the $112.3 million of net income recognized in 2024. These items were somewhat offset by the $67.6 million of dividends declared to shareholders in 2024 and from Common Shares repurchased under the NCIB.

## Contractual Obligations

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

| | Maximum Payments | | | | |
|---|---|---|---|---|---|
| | **Total** | **1 year** | **2 – 3 years** | **4 – 5 years** | **5 years and thereafter** |
| ***($ millions)*** | **$** | **$** | **$** | **$** | **$** |
| Private Placement Debt[1] | 652.1 | — | 244.2 | — | 407.9 |
| Interest on Private Placement Debt[1] | 253.9 | 34.5 | 57.5 | 49.6 | 112.3 |
| Debentures | 125.0 | — | 125.0 | — | — |
| Interest on the Debentures | 14.4 | 7.2 | 7.2 | — | — |
| Purchase obligations | 16.4 | 16.4 | — | — | — |
| Lease liabilities | 257.5 | 49.4 | 81.9 | 49.7 | 76.5 |
| Various financing loans | 0.1 | — | 0.1 | — | — |
| Total Contractual Obligations | 1,319.4 | 107.5 | 515.9 | 99.3 | 596.7 |

*[1] Assumes a U.S. dollar foreign exchange rate of $1.4389.*

We ended 2024 with Private Placement Debt of $652.1 million, an increase of $178.3 million as compared to the $473.8 million at the beginning of the year. This increase was due to the issuance of the 2024 Notes, which was somewhat offset by the repayment of certain 2014 Notes. The Private Placement Debt matures in 2026 and 2034.

In June 2019, we issued $125.0 million of the Debentures, by way of a bought deal, at a price of $1,000 per Debenture. The Debentures mature on November 30, 2026, and bear interest at an annual rate of 5.75 percent payable semi-annually in arrears on the last day of May and November of each year.

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

As at December 31, 2024, we entered into various capital expenditure purchase obligations totalling $16.4 million. The majority of these purchase obligations relate to the acquisition of trucks and trailers given that certain manufacturers require purchase obligations in advance so that manufacturing can commence and expected delivery times can be met.

The majority of our lease liabilities relate to real property leases that are mainly utilized by certain Business Units within the LTL and L&W segments. Some Business Units have also entered into leases pertaining to various pieces of operating equipment including rail cars, trucks and trailers. As at December 31, 2024, we had total contractual cash commitments of $257.5 million while the carrying amount of these lease liabilities on our consolidated statement of financial position was $227.8 million. The carrying amount is measured at the present value of the remaining lease payments at an average incremental borrowing rate of 3.2 percent.

As at December 31, 2024, there were no amounts drawn on the New Bank Credit Facilities. Various financing loans consist of bank loans assumed on the acquisitions of Butler Ridge and B&R.

# 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**<br>**Authorized: Unlimited Number** | **# of Common Shares** | | **Amount *($ millions)*** |
|---|---|---|---|
| Balance at December 31, 2023 | 88,074,042 | $ | 801.3 |
| Common Shares repurchased and cancelled | (493,028) | | (4.6) |
| Stock options exercised | 89,300 | | 1.1 |
| Balance at December 31, 2024 | **87,670,314** | **$** | **797.8** |

At December 31, 2024, there were 87,670,314 Common Shares outstanding representing $797.8 million in share capital. In 2024 we repurchased and cancelled 493,028 Common Shares under the NCIB program. In 2024 there were 89,300 stock options exercised. As at January 31, 2025, there were 87,670,314 Common Shares issued and outstanding.

## Stock Option Plan

| | **Options** | | **Weighted average exercise price** |
|---|---|---|---|
| Outstanding – December 31, 2023 | 3,902,500 | $ | 15.74 |
| Granted | 325,000 | | 14.63 |
| Expired | (115,000) | | (27.78) |
| Forfeited | (237,500) | | (15.09) |
| Exercised | (89,300) | | (10.42) |
| Outstanding – December 31, 2024 | **3,785,700** | **$** | **15.48** |
| Exercisable – December 31, 2024 | **2,698,200** | **$** | **16.00** |

There are 2,892,500 stock options available to be issued under our stock option plan. In 2024 we granted 325,000 stock options at a weighted average exercise price of $14.63. In 2024 there were 115,000 stock options that had expired, 237,500 stock options were forfeited and 89,300 stock options exercised. As at December 31, 2024, Mullen Group had 3,785,700 stock options outstanding under the stock option plan. As at January 31, 2025, there were 3,760,700 stock options outstanding under the stock option plan.

# CAPITAL EXPENDITURES

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

| **Capital Expenditures and Depreciation Summary** | **Years ended December 31** | | | |
|---|---|---|---|---|
| ***($ millions)*** | **2024** | **2023** | **2022** | **2021** |
| | **$** | **$** | **$** | **$** |
| Facilities | | | | |
| Gross capital expenditures | **5.5** | 14.6 | 18.1 | 16.7 |
| Net capital expenditures[1] | **1.7** | 13.5 | (20.8) | 6.6 |
| Depreciation | **8.1** | 9.3 | 9.3 | 10.3 |
| Trucks, trailers and specialized equipment | | | | |
| Gross capital expenditures | **66.0** | 87.0 | 63.3 | 51.5 |
| Net capital expenditures[1] | **54.6** | 75.3 | 53.6 | 40.9 |
| Depreciation | **65.3** | 63.9 | 61.8 | 62.9 |
| Total | | | | |
| Gross capital expenditures | **71.5** | 101.6 | 81.4 | 68.2 |
| Net capital expenditures[1] | **56.3** | 88.8 | 32.8 | 47.5 |
| Depreciation | **73.4** | 73.2 | 71.1 | 73.2 |

*[1] Refer to the section entitled "Other Financial Measures".*

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# SUMMARY OF QUARTERLY RESULTS

## Seasonality of Operations

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

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

## Financial Results

| | **TTM[1]** | **2024** | | | | **2023** | | | |
|---|---|---|---|---|---|---|---|---|---|
| ***(unaudited)*** | | **Q4** | **Q3** | **Q2** | **Q1** | **Q4** | Q3 | Q2 | Q1 |
| ***($ millions, except per share amounts)*** | **$** | **$** | **$** | **$** | **$** | **$** | $ | $ | $ |
| Revenue | **1,989.3** | **499.1** | **532.0** | **495.6** | **462.6** | **498.6** | 504.0 | 494.3 | 497.8 |
| OIBDA | **332.2** | **85.0** | **95.3** | **85.7** | **66.2** | **79.2** | 88.6 | 83.4 | 77.0 |
| Net income | **112.3** | **18.9** | **38.3** | **32.9** | **22.2** | **29.4** | 39.1 | 36.5 | 31.7 |
| Earnings per share | | | | | | | | | |
| Basic | **1.28** | **0.21** | **0.44** | **0.37** | **0.25** | **0.33** | 0.44 | 0.41 | 0.34 |
| Diluted | **1.23** | **0.21** | **0.41** | **0.36** | **0.25** | **0.32** | 0.42 | 0.39 | 0.33 |
| **Other Information** | | | | | | | | | |
| Net foreign exchange loss (gain) | **6.3** | **8.7** | **(2.8)** | **0.2** | **0.2** | **(0.8)** | (0.2) | (1.7) | (1.5) |
| Decrease (increase) in fair value of investments | **(0.7)** | **(0.4)** | **—** | **(0.2)** | **(0.1)** | **(0.3)** | (0.2) | (0.1) | 0.3 |

[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 revenues in the fourth quarter were $499.1 million, a slight increase of $0.5 million as compared to $498.6 million in 2023. This increase was mainly due to $36.5 million in incremental revenue from the acquisitions, which were somewhat offset by softer end consumer demand as suppliers and manufacturers continued to be reluctant to increase inventory levels in 2024. Net income in the fourth quarter was $18.9 million, a decrease of $10.5 million from the $29.4 million generated in 2023. The $10.5 million decrease in net income was mainly attributable to an increase in depreciation of right-of-use assets and an increase in interest expense.

Consolidated revenue in the third quarter of 2024 increased by $28.0 million to $532.0 million as compared to $504.0 million in 2023. This increase was mainly due to $33.6 million of incremental revenue from acquisitions being somewhat offset by a softer environment for freight and logistics demand and a reduction in fuel surcharge revenue. Net income in the third quarter was $38.3 million, a decrease of $0.8 million from the $39.1 million of net income generated in 2023. The $0.8 million decrease in net income was mainly attributable to an increase in depreciation of right-of-use assets and an increase in interest expense, which was somewhat offset by an increase in OIBDA and a positive variance in net foreign exchange.

Consolidated revenue in the second quarter of 2024 increased by $1.3 million to $495.6 million as compared to $494.3 million in 2023. This increase was mainly due to $26.9 million of incremental revenue from acquisitions being somewhat offset by a softer environment for freight and logistics demand and a reduction in fuel surcharge revenue. Net income in the second quarter was $32.9 million, a decrease of $3.6 million from the $36.5 million of net income generated in 2023. The $3.6 million decrease in net income was mainly attributable to an increase in depreciation of right-of-use assets, a negative variance in net foreign exchange and an increase in loss on sale of property, plant and equipment.

Consolidated revenue in the first quarter of 2024 decreased by $35.2 million to $462.6 million as compared to $497.8 million in 2023. This decrease was mainly due to a softer environment for freight and logistics demand, more competitive pricing conditions, lower pipeline construction activity, and a reduction in fuel surcharge revenue, being somewhat offset by incremental revenue from acquisitions. Net income in the first quarter was $22.2 million, a decrease of $9.5 million from the $31.7 million of net income generated in 2023. The $9.5 million decrease in net income was mainly attributable to lower OIBDA, a negative variance in foreign exchange and an increase in depreciation of right-of-use assets.

# SEVEN YEAR SELECTED FINANCIAL DATA

## Consolidated

| Years ended December 31<br>*($ thousands)*<br>*(unaudited)* | 2024<br>$ | 2023<br>$ | 2022<br>$ | 2021<br>$ | 2020<br>$ | 2019<br>$ | 2018<br>$ |
|---|---|---|---|---|---|---|---|
| Revenue | **1,989,253** | 1,994,721 | 1,999,453 | 1,477,434 | 1,164,331 | 1,278,502 | 1,260,798 |
| Expenses | | | | | | | |
| Direct operating expenses | **1,385,672** | 1,404,956 | 1,427,939 | 1,055,392 | 796,541 | 909,911 | 902,813 |
| Selling and administrative expenses | **271,381** | 261,580 | 241,625 | 185,664 | 150,216 | 167,679 | 168,970 |
| OIBDA[1] | **332,200** | 328,185 | 329,889 | 236,378 | 217,574 | 200,912 | 189,015 |
| Depreciation and amortization | **130,903** | 115,889 | 112,513 | 113,964 | 101,590 | 111,491 | 87,489 |
| Finance costs | **42,186** | 37,055 | 35,043 | 30,381 | 28,464 | 23,625 | 20,027 |
| Net foreign exchange (gain) loss | **6,259** | (4,203) | 10,787 | (723) | (2,393) | (14,140) | 8,537 |
| Other (income) expense | **(914)** | (3,696) | (39,335) | (3,089) | 3,779 | (201) | (445) |
| Impairment of goodwill | **—** | — | — | — | — | — | 100,000 |
| Gain on contingent consideration | **—** | — | — | (150) | — | — | — |
| Income (loss) before income taxes | **153,766** | 183,140 | 210,881 | 95,995 | 86,134 | 80,137 | (26,593) |
| Income tax expense | **41,505** | 46,421 | 52,262 | 23,559 | 22,155 | 7,896 | 17,194 |
| Net income (loss) | **112,261** | 136,719 | 158,619 | 72,436 | 63,979 | 72,241 | (43,787) |

## Segmented Information

| Years ended December 31<br>*($ thousands)*<br>*(unaudited)* | 2024<br>$ | 2023<br>$ | 2022<br>$ | 2021<br>$ | 2020<br>$ | 2019<br>$ | 2018<br>$ |
|---|---|---|---|---|---|---|---|
| **Less-Than-Truckload Segment** | | | | | | | |
| Revenue | **750,389** | 770,446 | 778,728 | 585,318 | 443,792 | 451,582 | 429,286 |
| Direct operating expenses | **503,998** | 525,491 | 536,786 | 411,096 | 307,786 | 321,458 | 307,830 |
| Selling and administrative expenses | **111,007** | 114,264 | 103,517 | 78,292 | 61,018 | 59,503 | 58,120 |
| OIBDA[1] | **135,384** | 130,691 | 138,425 | 95,930 | 74,988 | 70,621 | 63,336 |
| Operating margin[2] | **18.0%** | 17.0% | 17.8% | 16.4% | 16.9% | 15.6% | 14.8% |
| **Logistics & Warehousing Segment** | | | | | | | |
| Revenue | **606,992** | 564,949 | 609,288 | 465,614 | 362,007 | 404,840 | 424,852 |
| Direct operating expenses | **406,677** | 384,951 | 422,869 | 327,234 | 251,331 | 294,617 | 316,637 |
| Selling and administrative expenses | **80,444** | 67,977 | 67,344 | 51,838 | 39,090 | 45,394 | 46,931 |
| OIBDA[1] | **119,871** | 112,021 | 119,075 | 86,542 | 71,586 | 64,829 | 61,284 |
| Operating margin[2] | **19.8%** | 19.8% | 19.5% | 18.6% | 19.8% | 16.0% | 14.4% |
| **Specialized & Industrial Services Segment** | | | | | | | |
| Revenue | **457,050** | 467,980 | 400,605 | 313,394 | 362,041 | 426,312 | 410,578 |
| Direct operating expenses | **321,117** | 327,744 | 283,939 | 218,623 | 243,504 | 302,946 | 288,925 |
| Selling and administrative expenses | **51,003** | 44,972 | 39,130 | 32,760 | 36,185 | 48,420 | 51,071 |
| OIBDA[1] | **84,930** | 95,264 | 77,536 | 62,011 | 82,352 | 74,946 | 70,582 |
| Operating margin[2] | **18.6%** | 20.4% | 19.4% | 19.8% | 22.8% | 17.6% | 17.2% |
| **U.S. & International Logistics Segment** | | | | | | | |
| Revenue | **184,517** | 198,269 | 221,844 | 118,193 | — | — | — |
| Direct operating expenses | **168,673** | 180,217 | 202,225 | 107,555 | — | — | — |
| Selling and administrative expenses | **13,094** | 14,460 | 13,877 | 5,703 | — | — | — |
| OIBDA[1] | **2,750** | 3,592 | 5,742 | 4,935 | — | — | — |
| Operating margin[2] | **1.5%** | 1.8% | 2.6% | 4.1% | — | — | — |

1 *Effective January 1, 2019, the Corporation adopted IFRS 16 – Leases. As is permitted with this new standard, comparative information for previous years has not been restated.*
2 *Refer to the section entitled "Other Financial Measures".*

## Other Information

| Years ended December 31<br>*($ thousands)*<br>*(unaudited)* | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018* |
|---|---|---|---|---|---|---|---|
| **Ratios – Operating** | | | | | | | |
| Return on equity[1] | **11.3%** | 14.0% | 17.0% | 8.1% | 7.1% | 8.0% | 3.5% |
| Gross margin – percentage of revenue[2] | **30.3%** | 29.6% | 28.6% | 28.6% | 31.6% | 28.8% | 28.4% |
| Selling and administrative expenses – percentage of revenue | **13.6%** | 13.1% | 12.1% | 12.6% | 12.9% | 13.1% | 13.4% |
| Operating margin[3] | **16.7%** | 16.5% | 16.5% | 16.0% | 18.7% | 15.7% | 15.0% |
| Operating ratio[4] | **89.9%** | 89.3% | 87.6% | 91.6% | 90.5% | 93.2% | 92.2% |
| **Financial Position** | | | | | | | |
| Acid test ratio[5] | **1.97:1** | 0.48:1 | 1.37:1 | 0.94:1 | 2.80:1 | 2.74:1 | 1.74:1 |
| Property, plant and equipment | **$1,046,150** | $1,035,192 | $981,624 | $985,971 | $939,107 | $954,604 | $965,683 |
| Total assets | **$2,332,488** | $2,041,662 | $1,996,131 | $1,921,996 | $1,717,936 | $1,749,292 | $1,645,852 |
| Long-term debt (including current portion) | **$997,556** | $764,084 | $712,279 | $745,315 | $607,872 | $616,842 | $512,185 |
| Equity | **$1,016,873** | $974,884 | $973,397 | $888,664 | $896,418 | $917,921 | $898,076 |
| Debt-to-equity ratio[6] | **0.98:1** | 0.78:1 | 0.73:1 | 0.84:1 | 0.68:1 | 0.67:1 | 0.57:1 |
| 2014 total net debt to operating cash flow[7] | **2.51:1** | 1.83:1 | 1.67:1 | 2.52:1 | 2.10:1 | 2.30:1 | 2.46:1 |
| 2024 total net debt to operating cash flow[7] | **2.24:1** | — | — | — | — | — | — |
| Net cash from operating activities | **$296,117** | $276,747 | $262,970 | $197,967 | $224,821 | $170,653 | $140,710 |
| **Share Data** | | | | | | | |
| Net cash from operating activities per share | **$3.37** | $3.08 | $2.82 | $2.06 | $2.23 | $1.63 | $1.35 |
| Book value per share[8] | **$11.60** | $11.07 | $10.47 | $9.40 | $9.26 | $8.76 | $8.57 |
| Earnings (loss) per share (basic)[9] | **$1.28** | $1.52 | $1.70 | $0.75 | $0.64 | $0.69 | $(0.42) |
| Price/earnings ratio[10] | **11.5** | 9.2 | 8.5 | 15.5 | 17.0 | 13.4 | 37.0 |
| Weighted number of shares outstanding (thousands) | **87,852** | 89,932 | 93,352 | 96,069 | 100,624 | 104,825 | 104,274 |
| Total shares outstanding (thousands) | **87,670** | 88,074 | 92,953 | 94,532 | 96,852 | 104,825 | 104,825 |

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

**NOTES:**

1 *Return on equity was calculated by dividing net income (loss) by average shareholders' equity.*
2 *Gross margin was calculated by dividing revenue less direct operating costs by revenue.*
3 *Operating margin was calculated by dividing OIBDA by revenue.*
4 *Operating ratio was calculated by dividing the total cost before impairment of goodwill, taxes, interest, earnings from equity investments and net gains and losses on foreign exchange, as a percentage of revenue.*
5 *Acid test ratio was calculated by dividing cash (bank indebtedness) plus receivables by current liabilities.*
6 *Debt-to-equity ratio was calculated by dividing total debt by shareholders' equity.*
7 *Total net debt to operating cash flow was calculated as per the financial covenant terms within the Private Placement Debt agreements.*
8 *Book value per share was calculated by dividing shareholders' equity by the number of shares outstanding.*
9 *Earnings (loss) per share was calculated by dividing net income (loss) by the weighted average number of shares outstanding.*
10 *Price/earnings ratio was calculated by dividing the year-end closing price by earnings (loss) per share adjusted for the impairment of goodwill.*

# TRANSACTIONS WITH RELATED PARTIES

## Key Management Personnel Compensation

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

| *($ millions)* | Years Ended December 31 | |
|---|---|---|
| **Category** | **2024** | **2023** |
| Salaries and benefits (including profit share) | **$ 2.2** | $ 2.2 |
| Share-based payments | **—** | 0.1 |
| Total | **$ 2.2** | $ 2.3 |

There are no outstanding amounts owing to or amounts receivable from directors and officers as at December 31, 2024 and 2023, with respect to the overall compensation program for the executives. As at December 31, 2024, directors and officers of Mullen Group collectively held 6,033,289 Common Shares (2023 – 5,812,839) representing 6.9 percent (2023 – 6.6 percent) of all Common Shares of the Corporation. As at December 31, 2024, directors and officers of Mullen Group held $4.9 million of the Debentures under the same terms and conditions as those issued to unrelated third parties. The majority of the Debentures outstanding at December 31, 2024, were held by Murray K. Mullen ($4.4 million). Other than these $4.9 million of Debentures, Mullen Group has no contracts with its key management personnel.

## Related Party Transactions

During the year, we did not generate revenue, incur expenses or recognize accounts receivable from any Board members having control or joint control over the other entities. During 2023, we generated revenue of $1,337 and incurred expenses of $13,230 with entities that are related by virtue of David E. Mullen, a Board member having control or joint control over the other entities. As at December 31, 2023, there was $383 of accounts receivable amounts due from these related parties.

During the year, we generated revenue of $0.9 million (2023 – $6.6 million) and incurred expenses of $0.1 million (2023 – $0.1 million), which are accounted for by the equity method of accounting. As at December 31, 2024, there was nil (2023 – $1.2 million) of accounts receivable amounts due from our equity investments, including debentures owing from Thrive Management Group Ltd. at an interest rate of 10.0 percent per annum calculated and payable semi-annually that matured in 2024.

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

# PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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

| STRATEGIC RISKS: | FINANCIAL RISKS: | OPERATIONAL RISKS: | HUMAN RESOURCES RISKS: | INFORMATION TECHNOLOGY RISKS: |
|---|---|---|---|---|
| • e-commerce and supply chain evolution<br>• geopolitical risks<br>• general economy<br>• natural resources and energy transition<br>• changes in the legal framework<br>• acquisitions<br>• competition<br>• environmental, social and governance (ESG)<br>• failure to maintain innovation | • foreign exchange rates<br>• interest rates<br>• liquidity and access to financing<br>• reliance on major customers<br>• impairment of goodwill or intangible assets<br>• credit risk<br>• investments | • cost escalation & fuel costs<br>• potential operating risks & insurance<br>• business continuity, disaster recovery & crisis management<br>• environmental liability risks<br>• weather & seasonality<br>• access to parts & relationships with key suppliers | • leadership & succession<br>• employee management & labour relations | • cyber security<br>• infrastructure, software, and cloud services<br>• complexity and efficiency |

## STRATEGIC RISKS:

Strategic risk refers to the potential for losses or adverse outcomes resulting from a flawed or inadequately executed business strategy. Strategic risk encompasses the risks that arise from decisions related to the organization's long-term goals, market positioning, and competitive landscape. The strategic risks relevant to Mullen Group are outlined below.

### *E-Commerce and Supply Chain Evolution:*

***Supply chain risks relate to the complexities and vulnerabilities in the supply chain network. This includes but is not limited to disruptions caused by new companies entering the industry, natural disasters, insolvencies, supply chain innovation, new technologies and shifts in demand patterns. The evolution of global supply chains requires adaptability and resilience to maintain service continuity. As the retail marketplace continues to evolve, digital technology is disrupting traditional operations. The impact on supply chain management is particularly great as businesses reinvent their supply chain strategies.***

**Risk Description & Trend**

Disruptive technologies and the continuous growth of e-commerce continue to change the structure of the North American economy . The use of web-based and mobile technology is increasingly becoming the preferred method by consumers and retailers to both shop for and ship orders. As a result, supply chains have undergone enormous change with more frequent direct to consumer shipments replacing transportation from distribution centers to traditional retail stores.

Trend: In 2024, the Canadian e-commerce market reached an estimated market size of approximately CAD $52.0 billion. This surge was fueled by a steady increase in the number of Canadians opting for online shopping, a trend that gained considerable traction during the COVID-19 pandemic and continued robustly. By the end of 2024, e-commerce represented over 11.9% of the nation's total retail sales, marking a substantial rise.

The convergence of technological advancements, shifting consumer behaviours, and a dynamic retail landscape set the stage for continued growth and evolution in 2025 in the e-commerce market, while the emergence of new entrants into the market will add pressure to the industry.

**Potential Impact**

E-commerce and omni-channel marketing require a different distribution model than traditional retail or big-box store logistics. Generally, it negatively affect demand for truckload and long-haul transportation services, which is further impacted by increased competition from new entrants, pricing pressures and market disruption. Notwithstanding, this evolution is creating greater demand for warehousing, LTL and small package Final Mile™ deliveries.

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

**Mitigation**

In consideration of this risk, we have intentionally stayed away from the full truckload market and where we do participate in this type of transportation, we use owner operators rather than company-owned trucks. We have focused on expanding our LTL and warehousing business in western Canada as well as Ontario, Canada and continue to improve upon supply chain efficiencies. Our ability to meet the e-commerce and supply management demands of customers will depend upon our ability to innovate, our ability to reasonably anticipate market trends and our change management execution. We continue to focus on technology, investment in hybrid and electric courier vehicles and our proprietary transportation management systems.

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## ***Geopolitical Risks:***

***Geopolitical risks refer to the potential for political, economic, and social events on a global or regional scale to disrupt strategic plans and impact an organization's long-term objectives. This includes but is not limited to the uncertainties and potential disruptions arising from political instability, economic sanctions and trade wars, conflicts, and changes in government policies and diplomatic relations across the different regions where Mullen Group operates. These risks can affect supply chains, regulatory environments, and market operations. In our view, geopolitical volatility has become a driver of uncertainty and is an issue that Mullen Group will continue to monitor.***

**Risk Description & Trend**

Geopolitical risks have increasingly become a focal point for the transportation and logistics industry in Canada. As the country plays a significant role in global trade, any geopolitical changes can have profound impacts on the efficiency and stability of this sector. Geopolitical risk is associated with legislative, judicial, political, economic and regulatory uncertainty. For instance, unexpected events can cause a spike in commodity prices or an unexpected change in trade patterns or currency valuations.

Trade disputes and the imposition of tariffs between major trading partners can disrupt supply chains, increase costs and reduce the flow of goods.

Geopolitical dynamics often lead to changes in regulations that govern trade and transportation. These can include new customs procedures, environmental regulations or security measures. Such changes can necessitate costly adjustments for logistics companies and may lead to delays and inefficiencies.

Trend: Economic and political systems, global trade tensions and certain judicial decisions have created uncertainty that has negatively impacted investment sentiment in Canada and in the oil and gas sector specifically.

There is a noticeable trend toward protectionist policies globally, which aim to protect domestic industries but often result in increased barriers to international trade. This trend can lead to a fragmented global trade system, affecting the predictability and cost-effectiveness of transportation and logistics operations.

**Potential Impact**

Various levels of government and the judiciary can make a variety of decisions that can negatively affect individual businesses, industries and the overall economy. These include, but are not limited to, regulatory approvals, currency valuation, trade tariffs, labour laws, taxes and carbon pricing, and environmental and other regulations. All of these decisions have the potential to negatively impact Mullen Group by increasing costs, reducing efficiencies and creating uncertainty in our business operations.

**Mitigation**

In consideration of this risk, we strive to be flexible and resilient, we monitor risks proactively, and we have adopted a diversification strategy. We service an extensive customer base from diverse industries covering a broad geographic area. In addition, we actively manage the mix of Company Equipment and Contractors we use to service our customers. We also ensure that we have the appropriate technology in place to offset certain inefficiencies that can stem from this risk. In our opinion, these diversification and operating strategies ensure, as much as reasonably possible, that we are not overly exposed to any single economic trend. We also ensure we have a well structured balance sheet that allows us to manage through all economic cycles.

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## *General Economy:*

***Our results are affected by the state of the economy and trade patterns and the associated demand for freight transportation and logistics services. Economic risks encompass the broad economic conditions that can impact Mullen Group's financial performance. These risks include but are not limited to macroeconomic factors such as fluctuations in GDP growth, inflation rates, currency fluctuations, interest rates, recession and unemployment levels. These risks can affect overall market conditions, consumer behaviour and financial stability, thereby impacting the organization's ability to execute its strategy effectively.***

**Risk Description & Trend**

The transportation and logistics sector in Canada is a vital component of the nation's economy, facilitating the movement of goods and services across vast distances and diverse terrains. However, this industry faces numerous economic risks and is subject to evolving market trends. Mullen Group is a significant provider of trucking and logistics services to customers throughout North America. Our results are affected by the state of the economy and trade patterns, both in North America and globally, and the associated demand for freight transportation and logistics services. Trade disruptions may pose a substantial risk to Mullen Group. A weak economy can reduce demand for transportation and logistics services, while economic booms can strain capacity.

Trend: 2024 saw a minimal growth economy in Canada with annualized GDP growth estimated at 2.1 percent. This was coupled with supply chain challenges, lack of capital investment and projects in Canada and global trade uncertainties.

Unemployment rates increased in 2024, however, labour shortages remain in certain sectors including the transportation industry. 2024 also saw a rise in union tensions and labour strikes creating port congestion and impacting supply chains.

Risks remain regarding the future path of interest rates, inflation, labour, decline in global free trade, tariffs and tensions in the geopolitical and trade environment.

**Potential Impact**

General economic activity is the main driver of demand levels for our LTL, L&W and US 3PL segments. Uncertainty about the health of the North American economy or trade patterns could have a material adverse effect on the operations of our LTL, L&W and US 3PL segments and, to a lesser degree, our S&I segment (to the extent that the economy affects commodity pricing with respect to oil and gas, in particular), and our overall financial condition.

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

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

Inflation may cause input costs to rise at a faster pace than rate increases, thereby negatively affecting operating margin[1]. Further, higher prices and higher fuel surcharges to our customers may cause some of our customers to consider alternatives.

**Mitigation**

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

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

## *Natural Resources and Energy Transition:*

***Natural resources are materials or substances that occur in nature and can be utilized for economic benefits. Canada, being rich in natural resources such as oil, gas, timber, and minerals, relies heavily on their extraction and management to fuel its economy. As a service provider to the natural resources sector, we are reliant on the levels of capital expenditures made by resource companies including oil sands and oil and gas producers. Our results may be affected by the level of capital expenditures in the Western Canadian Sedimentary Basin ("WCSB"), including investments in natural gas and both for conventional and unconventional oil and oil sands development. Energy transition risk refers to the financial and operational challenges that a company may face as the global economy diversifies its fossil fuel-based energy systems to include sustainable and renewable energy sources. This transition is driven by climate related policies, technological advancements, and changing market dynamics. For Mullen Group, energy transition risk could involve regulatory changes, increased costs of compliance and shifts in consumer preferences.***

**Risk Description & Trend**

Approximately 9.0 percent of our revenue is directly related to oil and gas drilling activity and oil sands development in western Canada. As a service provider to the oil and gas industries we are reliant on the levels of capital expenditures made by oil and gas exploration and production companies ("**E&Ps**"). In our experience, the level of capital investment made by E&Ps is based on several factors including, but not limited to:

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

As the world gravitates towards a more sustainable energy future, energy services companies in Canada face several risks associated with energy transition. These risks can be broadly categorized into regulatory, market, operational and reputational risks.

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

<u>Trend:</u> In 2024, we saw a stabilization of oil prices and as of December 2024, crude oil demand increased to over 100 million barrels per day globally. Oil prices are expected to remain at or near recent levels, however, economic uncertainty and downside risks are always a consideration. The war in the Middle East and the continued war in Ukraine have highlighted the need globally for the oil and gas industry and has demonstrated just how intertwined conventional oil and natural gas is to a properly functioning economic system. As such, it appears that the global transition to alternative energies will take more time than was initially envisioned, leaving countries to prioritize their energy needs with conventional and commercially available sources.

As a result, investment in the oil and gas industry in western Canada is expected to be consistent with 2024.

**Potential Impact**

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

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

**Mitigation**

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

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

## ***Changes in the Legal Framework:***

***Legal risks involve the uncertainties arising from changes in laws and regulations that govern the industries in which Mullen Group operates. The industries in which we operate are continually evolving, driven by changes to the legal framework. The scope of legal framework governing the industries in which we operate includes but is not limited to labor laws, safety regulations, data protection laws, natural resource regulation, environmental regulations, corporate governance and trade policies. These risks can stem from new legislation, amendments to existing laws, regulatory changes or shifts in the enforcement landscape. Compliance with evolving legal standards is crucial to avoid penalties and maintain operational integrity.***

**Risk Description**

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

Our customers in the natural resources sector are subject to various Regulations such as royalties, environmental regulations and the reduction of Greenhouse Gas ("**GHG**") emissions. In addition, E&Ps must obtain various federal, provincial, state and municipal permits and regulatory approvals before proceeding with most major projects, including building pipelines and LNG export facilities or making significant changes to an existing plant. These permits may be challenged and subject to denial or the imposition of further conditions by the judiciary.

Changes in such Regulations could significantly affect the transportation and energy industry in North America, impacts that are difficult to ascertain and predict. Any new Regulations (or changes to current Regulations in force) could have a material impact on our operations and the resultant cash flow.

Changes in tax laws may adversely affect our results of operations and financial performance. Significant judgment is required in determining our provision for income taxes. Various internal and external factors may have favourable or unfavourable effects on our future provision for income taxes, income taxes receivable and our effective income tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, changes in estimates of prior years' items, transfer pricing adjustments and changes in the overall mix of income among the different jurisdictions in which we operate. New accounting pronouncements or new interpretations of existing ones could also have a material impact on our effective income tax rate and accordingly, our financial performance.

Climate related regulations and carbon taxes may lead to project delays and additional costs to producers affecting their profitability and investments in oil, oil sands and natural gas. Given the evolving nature of the climate movement, it is not currently possible to predict the impact on our operations and future financial condition.

Further, the industry may become subject to new environmental regulations, which could negatively affect future capital expenditures.

**Potential Impact**

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

**Mitigation**

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

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## *Acquisitions:*

***Risk associated with acquisitions involves the challenges and uncertainties stemming from acquiring other companies. This includes integration issues, cultural clashes, and the potential for overpaying. Proper due diligence and strategic alignment are essential to mitigate these risks. Our company strategy includes pursuing selected and strategic acquisitions focused primarily on the segments of the economy where we have strong market penetration and customer relationships, however, we may not be able to execute or integrate future acquisitions successfully.***

**Risk Description & Trend**

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

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

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

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

Trend: Opportunities for acquisitions continue. In 2024, we successfully acquired five new businesses for total cash consideration of $59.1 million and share consideration of $nil, as compared to three new businesses in 2023 for cash consideration of $49.3 million and share consideration of $0.8 million.

**Potential Impact**

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

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

The risks involved in successful integration could be heightened if we were to complete a large acquisition or multiple acquisitions within a short period of time.

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

**Mitigation**

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

We also undertake a precision-based acquisition strategy where any acquisition that is being considered must have the right price, fit and synergies.

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

## ***Competition:***

***Competitive risks pertain to the threat posed by existing and emerging competitors in the industries within which Mullen Group operates. This includes an influx of new entrants, industry rivalry, price competition, innovation, and market share battles. Maintaining a competitive edge requires continuous innovation, customer service excellence and strategic positioning.***

**Risk Description & Trend**

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

Trend: In 2024, one of the more significant trends was the emergence of new entrants into the trucking industry and in particular the full truckload, long haul trucking market, due to the changing demographics of the Canadian population. The rise of e-commerce giants like Amazon has led to increased pressure on supply chains and logistics providers to enhance operational efficiencies, reduce costs and invest in leading edge technology.

In addition, an overwhelming number of carriers operate their businesses while not complying with labour standards that Mullen Group's Business Units are required to comply with. Within the transportation industry specifically, this has been referred to as the Driver Inc. model. The Driver Inc. model has resulted in increased competitive pressures. Adding to these competitive pressures are customers who have elected to transport their own products with in-house fleets.

**Potential Impact**

Numerous competitive factors could impair our ability to maintain or improve our profitability. These factors include but are not limited to the following:

- Many of our competitors periodically reduce their rates to gain business, especially during times of economic recession. This may make it difficult for us to maintain or increase rates, or may require us to reduce our rates or lose business. Additionally, it may limit our ability to maintain or expand our business.
- Competition from logistics and brokerage companies may negatively impact our customer relationships and rates.
- Some competitors in certain industries may have specialized equipment, a broader global network or a wider range of services that may result in a loss of business to competitors.
- Higher prices and higher fuel surcharges to our customers may cause some customers to consider alternatives, including deciding to use in-house fleets to transport more of their own product or substituting rail transportation for trucking.
- Many customers periodically solicit transportation bids from multiple providers, which may depress freight rates or result in a loss of business to competitors.
- E-commerce competitors such as Amazon put added pressure on logistics companies, which often results in higher operational costs and tighter margins, making it challenging for them to compete.

**Mitigation**

In consideration of this risk, we endeavour to use technological change and innovation to remain competitive in our various businesses. The diversity of our Business Units and our decentralized business model may also diminish the effect that new competitive forces might have on our organization. In addition, we believe that our Human Resources strategies enable us to retain and attract drivers or qualified Contractors, enabling us to service our clients through all business cycles. We continue to focus on building out our LTL business rather than investing in the full truckload market. This allows us to avoid competing with Amazon, the Driver Inc. business model and competitors in the full truckload market.

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

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

## ***Environmental, Social and Governance ("ESG"):***

***ESG risks involve the company's sustainability practices and its impact on the environment, social, and governance standards. This includes regulatory compliance, reputation management, and meeting stakeholder expectations. Our operations are subject to scrutiny relating to ESG matters, negative performance on ESG and related matters may result in penalties, sanctions or loss of customers which could have a material adverse effect on the performance of Mullen Group.***

**Risk Description & Trend**

ESG addresses the performance of Mullen Group as it relates to the various stakeholders that we serve in addition to our customers. ESG indirectly impacts all areas of Mullen Group including our board room and all aspects of our operations.

Our performance on ESG related matters is subject to third party rating systems, public perception and changing regulatory requirements. Changes to ESG related laws and regulations or expectations may result in higher costs or lower than expected revenue. Failure to adequately address ESG related matters may result in government penalties or sanctions impacting our ability to meet performance expectations.

Trend: Companies have been facing increasing stakeholders scrutiny relating to ESG matters, including environmental stewardship, social responsibility, diversity and inclusion.

A growing number of third parties provide information to investors on ESG related matters and have developed their own rating system to assess ESG performance. Investors are increasingly relying on such rating systems to inform their investments and voting decisions.

Government regulators have also focused their attention on ESG performance and there has been a rise in sanctions against companies for overstating their ESG performance.

**Potential Impact**

Failure to address changing regulations, satisfy new reporting requirements or meet our ESG performance goals could expose Mullen Group to additional liability or penalties.

Changing public perception and scrutiny regarding GHG emissions in the global supply chain may result in customers demanding green transportation options or electing for different transportation options.

This may result in higher than expected capital expenditures to address customer demands or result in a loss of revenue.

An adverse rating from a third party may result in shareholder dissatisfaction and reputational harm, which could negatively impact our stock price and revenue.

**Mitigation**

Mullen Group remains focused on ensuring we meet our ESG obligations and we have taken steps to refocus our capital investment program to address the changing nature of the global supply chain.

## ***Failure to Maintain Innovation:***

***Innovation is a crucial driver of competitive advantage and long-term success. Failing to maintain innovation can pose a significant strategic risk to organizations. This includes the risk of falling behind competitors, losing market share, and becoming irrelevant in a rapidly changing market. Organizations must continuously invest in research and development, foster a culture of creativity, and stay attuned to technological advancements and market trends. By prioritizing innovation and encouraging a forward-thinking mindset, organizations can mitigate the risk of stagnation and ensure sustained growth and relevance in their industry.***

**Risk Description & Trend**

In the rapidly evolving landscape of logistics and transportation, continuous innovation is required to maintain a competitive edge. If Mullen Group fails to innovate, it risks falling behind its competitors who are investing in cutting-edge technologies and efficient practices such as automation, artificial intelligence (AI) and data analytics. In a sector where efficiency and reliability are paramount, customers will gravitate towards companies that offer innovative solutions. Companies that fail to innovate and keep pace with these technological developments risk becoming obsolete. Mullen Group must invest in and leverage new technology to stay ahead of the curve.

Trend: There is an increasing reliance on digital transformation and innovative solutions to maintain a competitive edge. The trend indicates that the pace of innovation is accelerating, making it imperative for organizations to continuously invest in new technology to stay relevant.

**Potential Impact**

Failure to maintain innovation can impact Mullen Group in a number of ways, including:

- Failure to innovate could lead to a loss of market share as clients switch to competitors that provide faster, cheaper, and more reliable services. This could erode Mullen Group's customer base and significantly impact revenue.
- Without ongoing innovation, Mullen Group may find it challenging to optimize its operations. Inefficient processes can lead to higher operational costs, delays, and subpar service levels, all of which can diminish profitability.
- Failure to innovate can result in decreased customer satisfaction, leading to diminished loyalty, contract losses, reduced market reputation and loss of business.

**Mitigation**

Mullen Group proactively fosters a culture of innovation to mitigate these risks, investing in technology, encouraging creative thinking, and prioritizing automation, workflow, and process improvement, among other things.

Our diversified business model enables us to have a broad spectrum of people, perspectives, experience, and opportunities to innovate. Prioritizing innovation and progress ensures that the organization remains agile and responsive to changes in the market, reducing the risk of falling behind.

# FINANCIAL RISKS

## ***Foreign Exchange Rates:***

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

**Risk Description & Trend**

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

Trend: Foreign exchange rates between the U.S. and Canadian dollar remain volatile. During 2024, the exchange rate fluctuated between $0.6937 and $0.7561, closing the year at $0.6950 (December 31, 2023 - $0.7561).

**Potential Impact**

At the end of each reporting period we recognize foreign exchange gains or losses as they relate to financial contracts, assets and liabilities held in foreign currencies. This risk mainly arises from our U.S. $187.0 million of Senior Guaranteed secured Notes ("**U.S. Notes**"). Specifically, our U.S. Notes are comprised of Series H (U.S. $112.0 million) and Series N (U.S. $75.0 million) Notes that mature in 2026 and 2034, respectively.

At December 31, 2024, we also had U.S. dollar cash of $87.7 million, U.S. dollar trade receivables of $19.6 million and U.S. dollar trade payables and accrued liabilities of $14.5 million.

**Mitigation**

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

We are also exposed to foreign exchange risk related to approximately U.S. $9.3 million of annual interest payable on our U.S. Notes. This risk is partially offset by surplus U.S. funds generated in our operations, predominately within the L&W segment, which cash acts as a natural hedge that is used to repay our annual interest obligation on the U.S. Notes.

## ***Interest Rates:***

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

**Risk Description & Trend**

We are susceptible to fluctuations in interest rates. Our New Bank Credit Facilities are priced at variable rates. To the extent we utilize our New Bank Credit Facilities we incur the risk of interest rates rising. Our Private Placement Debt, the Debentures and our Various Financing Loans are issued at fixed rates. The majority of our long-term debt, specifically $777.2 million, consists of our Private Placement Debt and our Debentures, which matures in 2026 and 2034.

Trend: At December 31, 2024, we had $997.6 million (2023 – $764.0 million) of borrowings at an average interest rate of 5.34 percent. In 2024, Bank of Canada officials reiterated their policy mandate to hit 2.0 percent inflation target. Over the course of 2024, inflation continued to ease and exited the year at 1.8 percent. The Bank of Canada interest rate closed out 2024 at 3.0 percent.

**Potential Impact**

Borrowings issued at fixed rates, like our Private Placement Debt, expose Mullen Group to fair value interest rate risk. As the majority of our borrowings are issued at fixed rates, we are exposed to fair value interest rate risk on these borrowings that mature at various tenures. More specifically, we are susceptible to the opportunity costs associated with interest rate decreases on our fixed borrowings. In the event that we refinance our borrowings, there can be no guarantee we can borrow at our current average interest rate of 5.34 percent.

In the event that interest rates increase, the cost of borrowing under our New Bank Credit Facilities, to the extent that they are utilized, will increase. As an example, if fully drawn and interest rates increased by 1.0 percent on our $525.0 million New Bank Credit Facilities, we would incur additional annual interest expenses of approximately $5.3 million.

**Mitigation**

We do not hedge interest rates or have any interest rate swaps, but we have mitigated the negative risk of rising interest rates by financing the majority of our debt at fixed rates.

## ***Liquidity and Access to Financing:***

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

**Risk Description & Trend**

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

Trend: At December 31, 2024, our debt covenant leverage ratio was 2.51:1 and 2.24:1 under our 2014 Notes and our 2024 Notes, respectively. This compares to 1.83:1 in 2023 under our 2014 Notes.

**Potential Impact**

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

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

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

**Mitigation**

We manage our cash flows diligently to ensure that we maintain what we believe is a suitable level of liquidity and leverage. Our approach to managing liquidity is to ensure, to the extent possible, that we will always have sufficient liquidity to meet our liabilities when due, under both normal and stressed conditions. Consistent with others in the industry, we monitor capital on the basis of debt-to-equity. This ratio is calculated as total debt divided by shareholders' equity. Total debt is calculated as the total of: bank indebtedness, current portion of long-term debt, long-term debt, lease liabilities, the debt component of Debentures and various financing loans. Equity is comprised of share capital, convertible debentures – equity component, contributed surplus, accumulated other comprehensive income and retained earnings. The debt-to-equity ratio calculation at December 31, 2024, was 0.98:1 (2023 – 0.78:1).

## ***Reliance on Major Customers:***

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

**Risk Description & Trend**

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

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

Trend: In 2024, our top ten customers accounted for 14.9 percent of revenue (2023 – 13.3 percent), and the largest customer accounted for approximately 2.7 percent (2023 – 2.1 percent) of such revenue.

**Potential Impact**

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

**Mitigation**

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

## *Impairment of Goodwill or Intangible Assets:*

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

**Risk Description & Trend**

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

Trend: At December 31, 2024, our goodwill and intangible assets accounted for $486.4 million, or 20.9 percent of our total assets as compared to $458.1 million, or 22.4 percent of total assets in 2023.

**Potential Impact**

Our regular review of the carrying value of our goodwill and intangible assets has resulted, from time to time, in significant impairments, and we may in the future be required to recognize additional impairment charges.

Changes in government regulations, or economic or market conditions have resulted and may result in further substantial impairments of our goodwill or intangible assets. In 2018, Mullen Group recognized a $100.0 million goodwill impairment charge. As at December 31, 2024, we had goodwill of $374.2 million and intangible assets of $112.2 million. Our impairment testing in 2024 produced no indication of impairment.

The results of our impairment evaluations, assumptions and sensitivities can be found on page 66

**Mitigation**

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

## *Credit Risk:*

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

**Risk Description & Trend**

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

Trend: At December 31, 2024, accounts receivable were $292.3 million comprised of $97.8 million in our LTL segment, $91.1 million in our L&W segment, $82.5 million in our S&I segment, $19.9 million in our US 3PL segment, and $1.0 million in the Corporate Office.

**Potential Impact**

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

**Mitigation**

Credit risk related to trade and other receivables is initially managed by each Business Unit. Each Business Unit is responsible for reviewing the credit risk for each of their customers before standard payment and delivery terms and conditions are offered. The Business Units' review consists of external ratings, when available, and in some cases bank and trade references. Our Corporate Office has established a credit policy under which new customers are analyzed for creditworthiness before credit is extended. Corporate Office monitors its trade and other receivables aging on an ongoing basis and communicates concerns to all Business Units as part of its credit risk management process. We also manage credit risk by reviewing the aggregate exposure to individual customers and assessing their credit quality. In addition, we attend industry forums to assess credit worthiness of customers, predominately those related to the energy industry. No individual customer accounted for more than ten percent of Mullen Group's consolidated revenue for the fiscal years ended 2024 and 2023.

## *Investments:*

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

**Risk Description & Trend**

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

Trend: In 2024, we recorded an increase in the fair value of investments of $0.4 million as compared to a decrease of $0.3 million in 2023.

**Potential Impact**

Our investments in public companies are measured at fair value and have an initial cost of $4.0 million. At December 31, 2024, the fair value of these investments was $1.6 million.

We use the equity method to account for investments in private companies in which we have significant influence or joint control. At December 31, 2024, the carrying value of these investments totalled $42.5 million and consisted of the investments in Canol Oilfield Services Inc., Kriska Transportation Group Limited, and Thrive Management Group Ltd.

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

**Mitigation**

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

## OPERATIONAL RISKS

### ***Cost Escalation and Fuel Costs:***

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

**Risk Description & Trend**

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

These factors may result in fuel shortages and disruptions in the fuel supply chain, in addition to increased fuel costs. Such shortages and supply disruptions could have material adverse effects on Mullen Group and its Business Units, including lost revenue and increased operational costs.

Trend: In 2024, the wholesale rack price of diesel fuel in Canada varied from a low of $0.95 per litre to $1.20 per litre and exited the year at $1.09 per litre. It averaged $1.07 per litre in 2024, as compared to $1.16 per litre in 2023.

**Potential Impact**

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

**Mitigation**

To reasonably mitigate the risk of potential for cost escalation, we focus on operational excellence, rate increases, synergies between our Business Units and cost controls. We rely on, among other things, long-term planning, budgeting processes and internal benchmarking to achieve our profitability targets. Owning our own real estate assists in mitigating inflation by allowing us to control rising lease costs. We also mitigate our exposure to rising fuel costs through the implementation of various fuel surcharge programs, which pass the majority of cost increases to our customers and the implementation of policies that focus on fuel efficiency, including fuel economy, asset utilization and dead-head mileage minimization, proper repairs and maintenance of equipment, and idling and speed policies.

Further, our ability to leverage critical mass buying power assists us in mitigating some of these cost escalations.

Our $100.0 million capital budget also helps us operate the newest, most efficient equipment available to the transportation industry.

### ***Potential Operating Risks and Insurance:***

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

**Risk Description & Trend**

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

Trend: Our 2024 total recordable injury frequency rate, a leading indicator of operational excellence, was 3.38 as compared to 3.52 in 2023.

**Potential Impact**

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

**Mitigation**

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

## ***Business Continuity, Disaster Recovery and Crisis Management:***

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

**Risk Description**

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

**Potential Impact**

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

**Mitigation**

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

Additionally, our diversified and self managed business unit model helps insulate us from certain disruptions. The nature of our business provides for a diversity of operations and minimizes concentration of risk for our business.

## ***Environmental Liability Risks:***

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

**Risk Description**

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

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

**Potential Impact**

Failure to comply with environmental laws or regulations without regard to Mullen Group's knowledge of this failure may impose civil and criminal penalties. Certain of our Business Units carry significant volumes of dangerous goods. This involves specific insurance requirements, training programs and appropriate permits with the various provinces and states in which our Business Units operate.

New restrictions or regulations may require us to increase operating expenses or capital expenditures in order to comply.

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

**Mitigation**

To mitigate the risk and potential uncertainty of environmental liability in oilfield services, we have pivoted away from this industry and made investments in the more stable LTL, L&W and US 3PL segments.

There also can be no assurance that we will not be required at some future date to comply with new environmental laws, or that our operations, business or assets will not otherwise be further affected by current or future environmental laws. While we maintain liability insurance, including insurance for certain environmental incidents, the insurance is subject to coverage limits and certain of our policies exclude coverage for damages resulting from environmental contamination. There can be no assurance that insurance will continue to be available to us on commercially reasonable terms, that the types of liabilities that we may incur will be covered by our insurance, or that the dollar amount of such liabilities will not exceed our policy limits.

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

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

Potential acquisition due diligence procedures and appropriate terms in the related purchase and sale agreements also assist with reasonably mitigating the risk of environmental liabilities.

## *Weather and Seasonality:*

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

**Risk Description & Trend**

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

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

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

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

Trend: In 2024, total annual revenue, excluding the effect of acquisitions, was relatively evenly distributed across the year, with 23.6 percent in the first quarter, 25.0 percent in the second quarter, 26.6 percent in the third quarter and 24.8 percent in the fourth quarter.

**Potential Impact**

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

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

In the S&I segment, a significant portion of our operations relate to the moving of heavy equipment, drilling rigs and drilling supplies in northern and western Canada. Activity levels, revenue and earnings are influenced by the seasonal activity pattern of western Canada's oil and gas exploration industry whereby activity peaks in the winter months and declines during the spring.

**Mitigation**

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

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

## *Access to Parts and Relationships with Key Suppliers:*

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

**Risk Description & Trend**

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

Trend: In 2024, we saw continued improvements in the supply chain disruptions impacting the availability of parts and materials. This improvement has led to the normalization of lead times for the delivery of rolling stock nearly comparable to pre-pandemic levels.

**Potential Impact**

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

**Mitigation**

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

## HUMAN RESOURCES RISKS

### *Leadership & Succession:*

***We depend on our senior management and employees to support our business operations and future growth opportunities. Loss of key employees at the Corporation and at the Business Units, including natural effects from aging workforces, could affect the business of Mullen Group. Succession planning is important to position Mullen Group for long-term success.***

**Risk Description**

The success of Mullen Group is dependent upon attracting and retaining key personnel. Any loss of the services of such persons could have a material adverse effect on our business, results of operations and financial condition.

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

**Potential Impact**

Further, we benefit from and depend on the leadership, experience and continued services of our senior management team and other key employees to successfully implement our business strategy. The unexpected loss of key employees or inability to execute our succession planning strategies could have an adverse effect on our business, results of operations, and financial condition.

**Mitigation**

To reasonably mitigate this risk, we aim to be an employer of choice by offering competitive wages and incentive-based pay and fostering a strong reputation as an ethical company. In addition, the Board reviews its succession plans for the senior executive team on an annual basis. These endeavours are designed to attract the best people at every level of our business, establish them in their roles, manage their development, offer business management training and identify successor candidates for senior roles.

### *Employee Management & Labour Relations:*

***Our employees are the back-bone of our company. If our relationship with our employees deteriorates, if legislation imposes costly obligations on us, if the health of our employees is impacted or if we have difficulty attracting and retaining employees, we could be faced with labour inefficiencies, disruptions, work stoppages, or delayed growth, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.***

**Risk Description & Trend**

We anticipate that our ability to expand services will be dependent upon attracting additional qualified employees, which is constrained in times of strong industry activity and with the retirement of the older generations.

Additionally, our business is subject to the risk of litigation pertaining to employment matters.

Trend: At December 31, 2024, we employed approximately 8,000 employees, owner operators and dedicated subcontractors as compared to approximately 7,400 in 2023.

**Potential Impact**

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

Additionally, we are subject to various employment legislation across Canada that puts obligations on our Business Units. A recent example was the Federal pay equity legislation. Any increased costs associated with such legislation could have a material adverse effect on our profitability and reduce cash flow from operating activities.

Further, right-sizing as a result of efficiencies gained or streamlining of service offerings may result in terminations. Particularly if these changes are significant, they could have a material adverse effect on profitability to address termination costs and litigation. We may be subject to negative publicity with respect to such right-sizing actions as well as other employment matter claims, regardless of fault. We may also be required to incur significant expense and devote significant resources in defence of litigation pertaining to employment matters.

**Mitigation**

In order to reasonably mitigate this risk, we aim to be an employer of choice by offering competitive wages and incentive-based pay, establishing superior safety programs and fostering a strong reputation as an ethical company. In addition to providing specific job-related and safety training, we encourage all of our employees to continue their education, training and skills upgrading and provide employees with the resources required to achieve and maintain our operational excellence including our free business management certificate program.

When required we retain expert legal counsel to defend Mullen Group or its Business Units so as to reasonably mitigate the risk of an unfavourable outcome of a claim.

## INFORMATION TECHNOLOGY RISKS:

### *Cyber Security Risks:*

***Cyber Security risks include risks relating to loss of confidentiality, integrity or availability of information, data, or information systems. If Mullen Group experiences a cyber security event, it can have potentially adverse impacts to organizational operations, profitability, assets, individuals, and other organizations.***

**Risk Description & Trend**

Cyber Security Risk refers to the potential for unauthorized access, attacks, or damage to our information systems and data. This risk has been increasingly prevalent due to the growing sophistication of cyber threats and the expanding digital footprint of our organization. Moreover, new laws and regulations are creating a more stringent regulatory landscape around data protection and privacy.

Trend: Cyber attacks are increasing in frequency and complexity against corporations, including ransomware, phishing, state sponsored actors, and advanced persistent threats (APTs). As reliance on digital technologies and cloud-based services grows, so does exposure to cyber risks. The evolving threat landscape necessitates continuous monitoring and updating of our security measures to protect against potential breaches.

**Potential Impact**

The potential impact of a cyber security breach can be significant and multifaceted. Financially, a successful cyber-attack can lead to costs related to the incident response, legal fees, regulatory fines, extortion payments, and potential loss of revenue. Operationally, it can disrupt business processes, leading to downtime and reduced productivity.

Reputationally, a breach can result in the loss or compromise of sensitive data, including customer information, intellectual property, and proprietary business information. This can damage reputation, erode customer trust, and lead to a loss of competitive advantage. The long-term consequences may include a decline in market share and shareholder value.

**Mitigation**

Mullen Group has established a cyber security program which focuses on implementing an industry standard cyber security framework encompassing both preventive and responsive measures.

Mullen Group is a diversified business, and this applies to our technology as well. Segmentation naturally improves the incident resiliency of the organization. In addition, each Business Unit is charged with the responsibility of creating, testing and implementing a Business Continuity Plan customized for their specific requirements.

In addition, we provide cyber security awareness, social engineering training and regularly simulate phishing testing for all workers. We employ third-party managed services to ensure we stay informed about the latest threats, implement continuously evolving best practices, and provide direct operational support to ensure our security operations are protecting, detecting and responding to threats.

### *IT Infrastructure, Software, and Cloud Services Risks:*

***IT infrastructure risks include vulnerabilities in hardware and network systems that can be exploited by cybercriminals, leading to data breaches and operational disruptions. Software risks involve outdated or unpatched applications that can be targeted by malware or ransomware, potentially compromising sensitive information. Cloud services risks stem from the shared responsibility model, where companies must rely on third-party providers for security measures, which can lead to data sovereignty issues and unauthorized access if not properly managed. These risks necessitate robust cybersecurity strategies and continuous monitoring to protect the company's assets and maintain stakeholder trust. Mullen Group works to ensure it is properly investing in and maintaining its IT infrastructure, software, and cloud services to support availability, capacity, and performance. A lack of investment in modern infrastructure can impact business productivity, security, and scalability.***

**Risk Description & Trend**

The reliance on IT infrastructure to support modern business needs presents a range of interconnected risks. It is critical to be aware of and address the risks associated with cloud adoption and integration, aging infrastructure, legacy systems, capacity planning and the interconnectivity of various systems, to ensure we are maintaining a resilient, scalable, and secure IT environment that aligns with organizational objectives.

Trend: There is continuous and growing adoption of multi-cloud strategies, which introduces challenges in data portability, interoperability, and complexity, requiring advanced orchestration tools and robust planning to ensure seamless integration and efficient operations.

The shift to hybrid and cloud environments has also heightened cybersecurity risks (see our discussion in Cyber Security Risks).

**Potential Impact**

Working to address these risks can have a wide-ranging impact, including data sovereignty issues, reduced flexibility, legal and compliance challenges, and the risk of operational interruptions and cost creep.

If systems are not continuously assessed for performance, capacity planning and modernization opportunities, the organization is at risk of increased downtime, degraded performance, reduced productivity, delayed innovation and scalability, and decreased customer satisfaction.

**Mitigation**

To address these risks, Mullen Group has implemented and continues to improve upon: (i) a comprehensive multi-cloud strategy to reduce dependency on single provider; (ii) redundancy and failover mechanisms will help minimize disruptions; and (iii) regular updates, advanced threat detection and zero-trust security measures. Mullen Group also engages in proactive modernization of legacy systems and migration to cloud platforms to provide our employees and customers with leading technology and platforms to engage in business.

***Complexity and Efficiency Risks:***

***Complexity risks in technology arise when a company's IT systems become overly intricate, making them difficult to manage and maintain. This can lead to increased chances of errors, longer downtime, and higher costs for troubleshooting and updates. Efficiency risks involve the potential for technology to slow down business processes rather than streamline them. Inefficient systems can result from outdated hardware, poorly optimized software, or inadequate integration between different IT components. This can lead to slower response times, reduced productivity, and ultimately, a negative impact on Mullen Group's bottom line.***

**Risk Description & Trend**

Mullen Group's IT environment is increasingly challenged by growing complexity, stemming from hybrid and multi-cloud infrastructures, interconnected systems, and reliance on legacy applications. These factors create significant compatibility issues, increase operational dependencies, and make managing the IT landscape more difficult. As the organization adopts advanced automation tools and real-time decision-making technologies, the complexity of integrating these systems further strains resources and introduces the risk of inefficiencies and delays.

Trend: IT environments are becoming increasingly complex as organizations adopt hybrid and multi-cloud infrastructures, interconnected systems, and advanced automation tools to enable real-time decision-making and enhance customer experiences. This shift requires seamless integration across multiple platforms and managing these hybrid environments introduces new challenges, including maintaining compatibility, managing dependencies, and ensuring optimal performance.

**Potential Impact**

Failure to properly manage complexity and efficiency risks can result in: (i) increased downtime, disruptions, operational costs, and project execution delays; and (ii) reduced agility, incident responsiveness, competitiveness and operational efficiencies.

**Mitigation**

To address these challenges, Mullen Group focuses on simplifying and standardizing IT environments by consolidating redundant tools, streamlining workflows, and leveraging scalable automation solutions. Comprehensive knowledge management practices are essential to reduce knowledge silos and ensure critical expertise is documented and accessible. Investments in training programs and cross-team collaboration initiatives can enhance staff readiness for complex systems and new technologies. Additionally, we proactively monitor systems and conduct regular process audits which help identify inefficiencies, optimize operations, and prevent disruptions, ensuring the IT environment remains agile, efficient, aligned with business objectives and cost effective.

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# CRITICAL ACCOUNTING ESTIMATES

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

## Impairment tests

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

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

## Impairment of Goodwill

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

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

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

| | Discount rate | | Terminal value growth rate | |
|---|---|---|---|---|
| | **December 31, 2024** | **December 31, 2023** | **December 31, 2024** | **December 31, 2023** |
| **Cash Generating Unit** | | | | |
| Gardewine Group Limited Partnership | **11.0%** | 11.0% | **2.0%** | 2.0% |
| Kleysen Group Ltd. | **11.0%** | 11.0% | **2.5%** | 2.5% |
| HAUListic LLC | **10.5%** | 10.5% | **2.5%** | 2.5% |
| APPS Cartage Inc. | **11.5%** | 11.5% | **2.5%** | 2.5% |
| Hi-Way 9 Express Ltd. | **11.5%** | 11.5% | **2.5%** | 2.5% |
| Heavy Crude Hauling L.P. | **12.5%** | 12.5% | **2.0%** | 2.0% |
| Tenold Transportation Ltd. | **11.5%** | 11.5% | **2.5%** | 2.5% |
| APPS Cargo Terminals Inc. | **11.5%** | 11.5% | **2.5%** | 2.5% |
| E-Can Oilfield Services L.P. | **12.5%** | 12.5% | **2.0%** | 2.0% |
| Canadian Dewatering L.P. | **12.5%** | 12.5% | **2.5%** | 2.5% |
| Others | **11.5% – 12.5%** | 11.5% – 12.5% | **2.0% – 2.5%** | 2.0% – 2.5% |

(i) Revenues were projected based on past experience, actual operating results and the one year business plan for the immediate year. Revenues for a further four year period were extrapolated using constant growth rates of between 2.0 to 2.5 percent.

(ii) The terminal value growth rate is based on management's best estimate of the long-term growth rate for its CGUs after the forecast period, considering historic performance and future economic forecasts.

(iii) Each CGU's discount rate reflects their individual size, risk profile and circumstance and is based on past experience and industry average weighted average cost of capital.

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

| | Change in discount rate | | Change in terminal value growth rate | |
|---|---|---|---|---|
| | December 31, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| **Cash Generating Unit** | | | | |
| Gardewine Group Limited Partnership | **3.4%** | 4.6% | **(5.2)%** | (7.2)% |
| Kleysen Group Ltd. | **7.9%** | 8.9% | **(13.9)%** | (16.5)% |
| HAUListic LLC | **7.3%** | 11.8% | **(12.7)%** | (20.0)%+ |
| APPS Cartage Inc. | **7.6%** | 4.7% | **(14.0)%** | (7.7)% |
| Hi-Way 9 Express Ltd. | **20.0%+** | 20.0%+ | **(20.0)%+** | (20.0)%+ |
| Heavy Crude Hauling L.P. | **1.5%** | 2.1% | **(2.2)%** | (3.1)% |
| Tenold Transportation Ltd. | **2.4%** | 5.0% | **(3.4)%** | (8.2)% |
| APPS Cargo Terminals Inc. | **20.0%+** | 20.0%+ | **(20.0)%+** | (20.0)%+ |
| E-Can Oilfield Services L.P. | **2.0%** | 2.6% | **(3.0)%** | (3.4)% |
| Canadian Dewatering L.P. | **5.3%** | 6.1% | **(8.8)%** | (10.5)% |

## Intangible assets

Intangible assets are mainly comprised of customer relationships and non-competition agreements. The fair value of these assets are calculated when an intangible asset or a business is acquired and then amortized on a straight-line basis over their estimated life. At December 31, 2024, intangible assets totalled $112.2 million (2023 – $91.0 million).

Intangible assets are amortized on a straight line basis over a period of five to ten years. Mullen Group determines the length of the amortization period at the date of acquisition. The method used in determining the amortization period is based upon the anticipated present value of future cash flows generated from customer relationships purchased on acquisitions. At December 31, 2024, the LTL segment had a carrying value of intangible assets of $51.4 million (2023 – $47.9 million), the L&W segment had a carrying value of $37.7 million (2023 – $17.5 million), the S&I segment had a carrying value of $10.5 million (2023 – $12.2 million) and the US 3PL segment had a carrying value of $12.6 million (2023 – $13.4 million).

## Acquisitions

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

## Property, plant and equipment

Property, plant and equipment are initially recognized at cost and include all expenditures directly attributable to bringing the asset to its intended use. The method and rates used in calculating depreciation of property, plant and equipment is an estimate. We calculate depreciation of property, plant and equipment using the declining balance method for the majority of our assets. No other changes were made to the methods or rates we used to estimate depreciation expense on property, plant and equipment during the past two years. Property, plant and equipment are mainly comprised of trucks and trailers, land and buildings. The net book value of property, plant and equipment at December 31, 2024, was $1,046.2 million (2023 – $1,035.2 million).

We believe the methods and rates of depreciation reasonably reflect the annual decline in the value of property, plant and equipment. These methods and rates used are validated by the fact that net gains or losses on sale of property, plant and equipment over the last ten years have been minimal, which indicates that the net book value of assets approximates fair market value over an extended period of time. At December 31, 2024, the LTL segment had a carrying value of property, plant, and equipment of $215.5 million (2023 – $195.5 million), the L&W segment had a carrying value of $156.0 million (2023 – $143.3 million), the S&I segment had a carrying value of $178.1 million (2023 – $194.5 million) and the US 3PL segment had a carrying value of nil (2023 – nil). The carrying value of property, plant and equipment within the Corporate Office was $496.6 million at December 31, 2024 (2023 – $501.9 million).

## Derivative Financial Instruments

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

## Trade and other receivables

Impairment of trade and other receivables is constantly monitored. Evidence of impairment could, for example, occur when the financial difficulties of a debtor become known or payment delays occur. Impairments are based on historical values, observed customer solvency, the aging of trade and other receivables and customer-specific and industry risks. In addition, we review external credit ratings as well as bank and trade references when available. At December 31, 2024, we recognized a reserve for bad debts of $9.5 million (2023 – $9.4 million) against total gross trade and other receivables of $300.8 million (2023 – $287.4 million).

## Income Taxes

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

# SIGNIFICANT ACCOUNTING POLICIES

## New Standards and Interpretations Not Yet Adopted

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

**International Financial Reporting Standards 18 ("IFRS 18") – Presentation and Disclosure in Financial Statements**

Effective for annual periods beginning on or after January 1, 2027, IFRS 18 – Presentation and Disclosure in Financial Statements replaces International Accounting Standards 1 ("**IAS 1**") – Presentation of Financial Statements. The new standard sets out presentation and base disclosure requirements for financial statements, which mainly affect the income statement.

Mullen Group has reviewed the new and revised standards and interpretations that have been approved by the IASB. Management is currently completing its initial assessment of IFRS 18.

## Changes in Accounting Policies

On January 1, 2024, Mullen Group adopted the amendments made to International Accounting Standards 1 – Presentation of Financial Statements that clarifies how to classify debt and other liabilities as either current or non-current.

On January 1, 2024, Mullen Group adopted the amendments made to International Accounting Standards 7 – Statement of Cash Flows and International Financial Reporting Standard 7 – Financial Instruments: Disclosures regarding supplier financing arrangements.

There has been no material impact to Mullen Group's consolidated financial statements as a result of these amendments.

# DISCLOSURE AND INTERNAL CONTROLS

## Disclosure Controls and Internal Controls over Financial Reporting

As at December 31, 2024, 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 Financial Officer ("**SFO**"), acting in the capacity of the Chief Financial Officer. In accordance with the provisions of National Instrument 52-109, management including the SEO and SFO, have limited the scope of their design of the Corporation's disclosure controls and procedures to exclude controls, policies and procedures of ContainerWorld. This scope limitation is in accordance with National Instrument 52-109 section 3.3 (1)(b), which allows for an issuer to limit scope for a business it acquired not more than 365 days prior to the end of the fiscal period. Mullen Group acquired ContainerWorld effective May 1, 2024. Since being acquired, ContainerWorld has generated revenue and earnings (loss) before tax of $86.6 million and $(3.8) million, respectively. As at December 31, 2024, ContainerWorld had $32.8 million of current assets and $59.0 million of current liabilities. Based on this evaluation, the SEO and the SFO concluded that, as at December 31, 2024, 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 SFO, management conducted an evaluation of the effectiveness of its internal control over financial reporting as at December 31, 2024.

Based on this evaluation, the SEO and the SFO concluded that internal control over financial reporting was effective as at December 31, 2024, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes. We utilize the Internal Control – Integrated Framework (2013) as issued by the Committee of Sponsoring Organizations of the Treadway Commission. As at December 31, 2024, 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 2025 business plan; to generate consolidated revenue of $2.2 billion and achieve operating earnings of $350 million; to prioritize margin over market share; to invest $100.0 million in capital expenditures in 2025 with $85.0 million allocated towards operating capital to improve the operations of the Business Units, $10.0 million allocated towards real estate to invest in facilities, land and buildings, and $5.0 million allocated to our sustainability focused capital to continue to focus on emission reduction; to identify acquisition targets that meet our precision-based acquisition strategy; to invest in technology by continuing to focus on enhancing our operating systems with new technology and artificial intelligence; to set the 2025 annual dividend at $0.84 per Common Share ($0.07 per Common Share on a monthly basis); to continue to repurchase for cancellation Common Shares in the open market under the NCIB; as referred to in the 2025 Business Plan and Subsequent Event section beginning on page 12. These forward-looking statements are based on the assumptions that we will generate sufficient cash in excess of our financial obligations to support our 2025 plan, that we will deploy approximately $150.0 million of cash available towards acquisitions and that our Business Units will generate financial results largely consistent with 2024 and the 2025 plan.
- Mullen Group's intention to pay annual dividends of $0.84 per Common Share ($0.07 per Common Share on a monthly basis) for 2025, as referred to in the Mullen Group At A Glance section beginning on page 6. This forward-looking statement assumes that we will generate sufficient cash in excess of our financial obligations in 2025.
- Mullen Group's belief that there is no evidence that there will be any near-term relief to the challenges facing the freight industry; that we do not believe that the Canadian economy can grow meaningfully in 2025; that freight demand will remain at or near current levels and that pricing will be competitive, until something on either the demand side or availability of supply changes; the LTL industry is expected to remain stable, although we expect to see growth from "tuck-in" acquisitions, as referred to in the Outlook within the Consolidated Financial Results section beginning on page 16. These forward-looking statements are based on our belief there is far too much undisciplined capacity in the industry today. Undisciplined pricing continues to be the "achilles heel" of the warehousing and trucking industry.

- Mullen Group's belief that there is little reason to believe that the Canadian economy will experience any sustained growth in 2025, or that consumer spending will change materially in 2025 and that route optimization and lane density will improve margins, as referred to in the LTL segment Market Outlook beginning on page 25. These forward-looking statements assume that overall LTL freight demand should remain stable, and competitive pressures will negatively impact pricing. Our focus remains on "tuck-in" acquisitions to supplement any softness in demand.
- Mullen Group's expectation that the fundamentals impacting the logistics and warehousing industries will not change materially in 2025, and that pricing will remain an issue until there are failures or significant industry consolidation as referred to in the L&W segment Market Outlook beginning on page 28. These forward-looking statements are based on the observation that on the demand side, the Canadian economy is not growing, the private sector remains reluctant to invest capital in new projects, and governments have little room to sponsor new projects given the high debt levels. In terms of supply, we are seeing stress in the industry with many competitors struggling.
- Mullen Group's expectation that Kleysen Group and Bandstra Transportation are expected to generate solid results and that we will see an improvement in ContainerWorld, as referred to in the L&W segment Market Outlook beginning on page 28. These forward-looking statements are based on Kleysen Group and Bandstra Transportation's abilities to execute on their 2025 budgets and our plan to change the leadership and implement new cost improvement strategies at ContainerWorld.
- Mullen Group's assertion that we are well positioned to capitalize on increased activity in the energy, natural resources and infrastructure sectors in Canada, when capital investments returns; and that we will continue to invest in building out our state-of-the-art robotic systems for turnaround projects and building out our capacity within our well disposal business, as referred to in the S&I segment Market Outlook beginning on page 31. These forward-looking statements assume that our diversified business model will continue to afford us the option to be patient and that we will generate sufficient cash in excess of our financial obligations to support our 2025 plan.
- Mullen Group's comment that there appears to be a catalyst for increased economic activity that should translate into improved freight activity, and position that we will be committing additional resources to building out our independent sales agent group and enhancing our industry leading SilverExpress™ TMS, as referred to in the US 3PL segment Market Outlook beginning on page 34. These forward-looking statements are based on the new leadership in the U.S. and a pro-growth economic agenda and recently, the outbound tender rejection rate, a measure of relative trucking capacity, signaled a tightening market suggesting that trucking capacity is leaving the market and that we will generate sufficient cash in excess of our financial obligations to support our 2025 plan.
- Mullen Group's intention to use the New Bank Credit Facilities and the anticipated cash flow from operating activities in 2025 to finance its ongoing working capital requirements, the NCIB program, the 2025 dividend, the 2025 capital budget, as well as various special projects and acquisition opportunities, as referred to in the Capital Resources and Liquidity section beginning on page 37. This forward-looking statement is based on our belief that our access to cash will exceed our expected requirements.

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

Forward-looking statements address future events and conditions and, therefore, involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Accordingly, readers should not place undue reliance on the forward-looking statements contained in this MD&A. Readers are cautioned that the foregoing list of factors and risks is not exhaustive. Additional information on these and other factors that could affect the operations or financial results of Mullen Group along with the forward-looking statements in this MD&A, may be found in the Advisory on page 1 as well as in reports on file with applicable securities regulatory authorities and may be accessed through the Corporation's issuer profile on SEDAR+ at www.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 Annual Financial Statements attached and referred to in this MD&A were prepared according to IFRS Accounting Standards. References to net income – adjusted, earnings per share – adjusted, and net revenue are not measures recognized by IFRS Accounting Standards and do not have standardized meanings prescribed by IFRS Accounting Standards. 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 Accounting Standards. Investors are cautioned that these indicators should not replace the foregoing IFRS Accounting Standards 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)*<br>*($ millions, except share and per share amounts)* | **Three month periods ended December 31** | | **Years ended December 31** | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Income before income taxes | **$ 29.7** | $ 41.7 | **$ 153.8** | $ 183.1 |
| Add (deduct): | | | | |
| Net foreign exchange (gain) loss | **8.7** | (0.8) | **6.3** | (4.2) |
| Change in fair value of investments | **(0.4)** | (0.3) | **(0.7)** | (0.3) |
| Loss on fair value of equity investment | **—** | — | **—** | 0.6 |
| Income before income taxes – adjusted | **38.0** | 40.6 | **159.4** | 179.2 |
| Income tax rate | **25%** | 25% | **25%** | 25% |
| Computed expected income tax expense | **(9.5)** | (10.2) | **39.8** | (44.8) |
| Net income – adjusted | **28.5** | 30.4 | **119.6** | 134.4 |
| Weighted average number of Common Shares outstanding – basic | **87,656,732** | 88,423,848 | **87,851,858** | 89,931,795 |
| Earnings per share – adjusted | **$ 0.33** | $ 0.34 | **$ 1.36** | $ 1.49 |

## Net Revenue

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

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

# OTHER FINANCIAL MEASURES

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

## Supplementary Financial Measures

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

### Operating Margin

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

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

### Net Capital Expenditures

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

| *(unaudited)* *($ millions)* | Three month periods ended December 31 | | Years ended December 31 | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Purchase of property, plant and equipment | **$ 21.7** | $ 27.2 | **$ 71.5** | $ 101.6 |
| Proceeds on sale of property, plant and equipment | **(5.9)** | (2.4) | **(15.2)** | (12.8) |
| Net capital expenditures | **$ 15.8** | $ 24.8 | **$ 56.3** | $ 88.8 |

### Net Cash From Operating Activities Per Share

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

| *(unaudited)* *($ millions, except share and per share amounts)* | Three month periods ended December 31 | | Years ended December 31 | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| Net cash from operating activities | **$ 111.4** | $ 105.0 | **$ 296.1** | $ 276.8 |
| Weighted average number of Common Shares outstanding | **87,656,732** | 88,423,848 | **87,851,858** | 89,931,795 |
| Net cash from operating activities per share | **$ 1.27** | $ 1.19 | **$ 3.37** | $ 3.08 |

## Capital Management Measures

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

**Total Net Debt – 2014 Notes Calculation**

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

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

**Total Net Debt – 2024 Notes Calculation**

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

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

DECEMBER 31, 2024

ANNUAL FINANCIAL REPORT

# Independent auditor's report

To the Shareholders of Mullen Group Ltd.

## Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Mullen Group Ltd. and its subsidiaries (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

**What we have audited**
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of income for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Impairment assessment of cash generating units to which goodwill relates**<br><br>*Refer to note 2d – Basis of Presentation – Use of estimates and judgments, note 3 – Material accounting policies and note 11 – Goodwill to the consolidated financial statements.*<br><br>The Company had a carrying value of $374.2 million of goodwill as at December 31, 2024. Goodwill is reviewed for impairment annually, or more frequently if there are indicators that impairment may have occurred. Goodwill impairment is determined based upon the recoverable amount of each cash generating unit (CGU) compared to the CGU's respective carrying amount. The recoverable amount is the higher of fair value less costs of disposal (FVLCD) and value in use. If the carrying amount of a CGU exceeds its recoverable amount, the difference is recognized as an impairment charge. The recoverable amounts were determined using the FVLCD approach, based on discounted future cash flow models. The discounted future cash flow models reflect the specifics of each CGU and its business environment. Key assumptions used in the discounted future cash flow models included terminal value growth rates, revenue growth rates and discount rates.<br><br>We considered this a key audit matter due to the judgments made by management in determining the recoverable amounts of CGUs, to which goodwill relates, including the use of key assumptions. This in turn led to a high degree of | Our approach to addressing the matter included the following procedures, among others:<br><br>• Evaluated how management determined the recoverable amounts of a sample of CGUs, to which goodwill relates, which included the following:<br>– Tested the appropriateness of the method and discounted cash flow models and tested the mathematical accuracy thereof.<br>– Tested the underlying data used in the discounted cash flow models.<br>– Tested the reasonableness of the revenue growth rates applied by management in the discounted cash flow models by comparing them to the budget approved by the Board of Directors and historical revenue growth rates of the Company.<br>– Professionals with specialized skill and knowledge in the field of valuation assisted in assessing the reasonableness of the terminal value growth rates and discount rates applied by management.<br>– Tested the disclosures made in the consolidated financial statements. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| auditor judgment, subjectivity and effort in performing procedures to test the key assumptions. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures. | |

## Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual financial review, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual financial review, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of

the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Reynold Tetzlaff.

**/s/PricewaterhouseCoopers LLP**

Chartered Professional Accountants

Calgary, Alberta
February 12, 2025

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| *(thousands)* | Note | | December 31 2024 | | December 31 2023 |
|---|---|---|---|---|---|
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | **6** | **$** | **126,286** | $ | 2,295 |
| Trade and other receivables | **7** | | **292,273** | | 278,011 |
| Inventory | **8** | | **45,735** | | 47,693 |
| Derivative financial instruments – current portion | **14** | | **—** | | 24,023 |
| Prepaid expenses | | | **22,612** | | 22,238 |
| Current tax receivable | | | **7,519** | | 8,991 |
| | | | **494,425** | | 383,251 |
| Non-current assets: | | | | | |
| Property, plant and equipment | **9** | | **1,046,150** | | 1,035,192 |
| Right-of-use assets | **10** | | **217,682** | | 92,978 |
| Goodwill | **11** | | **374,205** | | 367,084 |
| Intangible assets | **12** | | **112,221** | | 91,002 |
| Investments | **13** | | **44,216** | | 43,201 |
| Deferred tax assets | **17** | | **7,142** | | 7,285 |
| Derivative financial instruments | **14** | | **30,560** | | 19,334 |
| Other assets | | | **5,887** | | 2,335 |
| | | | **1,838,063** | | 1,658,411 |
| Total Assets | | **$** | **2,332,488** | $ | 2,041,662 |
| Liabilities and Equity | | | | | |
| Current liabilities: | | | | | |
| Bank indebtedness | **20** | **$** | **—** | $ | 73,000 |
| Accounts payable and accrued liabilities | **15** | | **159,023** | | 151,180 |
| Dividends payable | **16** | | **6,137** | | 5,284 |
| Current tax payable | | | **4,322** | | 3,757 |
| Lease liabilities – current portion | **18** | | **43,433** | | 25,578 |
| Current portion of long-term debt | **20** | | **25** | | 243,596 |
| | | | **212,940** | | 502,395 |
| Non-current liabilities: | | | | | |
| Convertible debentures – debt component | **19** | | **120,501** | | 118,153 |
| Long-term debt | **20** | | **649,257** | | 230,931 |
| Lease liabilities | **18** | | **184,340** | | 72,826 |
| Decommissioning liabilities | | | **1,652** | | 1,599 |
| Deferred tax liabilities | **17** | | **146,925** | | 140,874 |
| | | | **1,102,675** | | 564,383 |
| Equity: | | | | | |
| Share capital | **21** | | **797,814** | | 801,255 |
| Convertible debentures – equity component | **19** | | **9,116** | | 9,116 |
| Contributed surplus | | | **20,880** | | 20,141 |
| Accumulated other comprehensive income | | | **4,283** | | 2,298 |
| Retained earnings | | | **184,780** | | 142,074 |
| Subsequent event | **35** | | **1,016,873** | | 974,884 |
| Total Liabilities and Equity | | **$** | **2,332,488** | $ | 2,041,662 |

*The notes which begin on page 84 are an integral part of these consolidated financial statements.*

Approved by the Board of Directors on February 12, 2025, after review by the Audit Committee.

***"Signed: Murray K. Mullen"***
Murray K. Mullen, Director

***"Signed: Richard Whitley"***
Richard Whitley, Director

## CONSOLIDATED STATEMENT OF INCOME

| *(thousands, except per share amounts)* | Note | Years ended December 31 2024 | 2023 |
|---|---|---|---|
| Revenue | **23** | **$ 1,989,253** | $ 1,994,721 |
| Direct operating expenses | | **1,385,672** | 1,404,956 |
| Selling and administrative expenses | | **271,381** | 261,580 |
| Operating income before depreciation and amortization | | **332,200** | 328,185 |
| Depreciation of property, plant and equipment | **9** | **73,358** | 73,223 |
| Depreciation of right-of-use assets | **10** | **43,009** | 29,133 |
| Amortization of intangible assets | **12** | **14,536** | 13,533 |
| Finance costs | **25** | **42,186** | 37,055 |
| Net foreign exchange loss (gain) | **14** | **6,259** | (4,203) |
| Other (income) expense | **27** | **(914)** | (3,696) |
| Income before income taxes | | **153,766** | 183,140 |
| Income tax expense | **17** | **41,505** | 46,421 |
| Net income | | **$ 112,261** | $ 136,719 |
| Earnings per share: | **22** | | |
| Basic | | **$ 1.28** | $ 1.52 |
| Diluted | | **$ 1.23** | $ 1.45 |
| Weighted average number of Common Shares outstanding: | **22** | | |
| Basic | | **87,852** | 89,932 |
| Diluted | | **97,226** | 99,100 |

*The notes which begin on page 84 are an integral part of these consolidated financial statements.*

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| *(thousands)* | Years ended December 31 2024 | 2023 |
|---|---|---|
| Net income | **$ 112,261** | $ 136,719 |
| Other comprehensive income<br>*Items that may be reclassified subsequently to statement of income* | | |
| Exchange differences from translating foreign operations | **1,985** | (570) |
| Other comprehensive income (loss), net of tax | **1,985** | (570) |
| Total comprehensive income | **$ 114,246** | $ 136,149 |

*The notes which begin on page 84 are an integral part of these consolidated financial statements.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| (*thousands*) | Note | | Share capital | | Convertible debentures – equity component | | Contributed surplus | | Accumulated Other Comprehensive Income | | Retained earnings | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at January 1, 2024** | | **$** | **801,255** | **$** | **9,116** | **$** | **20,141** | **$** | **2,298** | **$** | **142,074** | **$** | **974,884** |
| **Net income for the period** | | | **—** | | **—** | | **—** | | **—** | | **112,261** | | **112,261** |
| **Other comprehensive income (loss), net of tax** | | | **—** | | **—** | | **—** | | **1,985** | | **—** | | **1,985** |
| **Common Shares repurchased** | **21** | | **(4,547)** | | **—** | | **—** | | **—** | | **(1,943)** | | **(6,490)** |
| **Common Shares issued on exercise of stock options** | **21** | | **1,106** | | **—** | | **(175)** | | **—** | | **—** | | **931** |
| **Stock-based compensation expense** | | | **—** | | **—** | | **914** | | **—** | | **—** | | **914** |
| **Dividends declared to common shareholders** | **16** | | **—** | | **—** | | **—** | | **—** | | **(67,612)** | | **(67,612)** |
| **Balance at December 31, 2024** | | **$** | **797,814** | **$** | **9,116** | **$** | **20,880** | **$** | **4,283** | **$** | **184,780** | **$** | **1,016,873** |

| (*thousands*) | Note | | Share capital | | Convertible debentures – equity component | | Contributed surplus | | Accumulated Other Comprehensive Income | | Retained earnings (deficit) | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at January 1, 2023** | | $ | 845,267 | $ | 9,116 | $ | 18,619 | $ | 2,868 | $ | 97,527 | $ | 973,397 |
| Net income for the period | | | — | | — | | — | | — | | 136,719 | | 136,719 |
| Other comprehensive income (loss), net of tax | | | — | | — | | — | | (570) | | — | | (570) |
| Common Shares repurchased | **21** | | (44,824) | | — | | 468 | | — | | (27,692) | | (72,048) |
| Common Shares issued on acquisition | **5** | | 812 | | — | | — | | — | | — | | 812 |
| Stock-based compensation expense | | | — | | — | | 1,054 | | — | | — | | 1,054 |
| Dividends declared to common shareholders | **16** | | — | | — | | — | | — | | (64,480) | | (64,480) |
| **Balance at December 31, 2023** | | $ | 801,255 | $ | 9,116 | $ | 20,141 | $ | 2,298 | $ | 142,074 | $ | 974,884 |

*The notes which begin on page 84 are an integral part of these consolidated financial statements.*

# CONSOLIDATED STATEMENT OF CASH FLOWS

| *(thousands)* | Note | Years ended December 31 2024 | 2023 |
|---|---|---|---|
| Cash provided by (used in): | | | |
| **Cash flows from operating activities:** | | | |
| Net income | | **$ 112,261** | $ 136,719 |
| Adjustments for: | | | |
| Depreciation and amortization | | **130,903** | 115,889 |
| Finance costs | **25** | **42,186** | 37,055 |
| Stock-based compensation expense | | **914** | 1,054 |
| Foreign exchange (gain) loss on cross-currency swaps | **14** | **(19,542)** | 3,079 |
| Foreign exchange loss (gain) | | **32,471** | (7,458) |
| Other (income) expense | **27** | **(914)** | (3,696) |
| Income tax expense | **17** | **41,505** | 46,421 |
| Cash flows from operating activities before non-cash working capital items | | **339,784** | 329,063 |
| Changes in non-cash working capital items from operating activities | **32** | **1,737** | 13,916 |
| Cash generated from operating activities | | **341,521** | 342,979 |
| Income tax paid | | **(45,404)** | (66,232) |
| Net cash from operating activities | | **296,117** | 276,747 |
| **Cash flows from financing activities:** | | | |
| Bank indebtedness | **20** | **(73,000)** | 50,200 |
| Proceeds of long-term debt | **20** | **399,255** | — |
| Repurchase of Common Shares | **21** | **(6,490)** | (72,048) |
| Cash dividends paid to common shareholders | | **(66,759)** | (64,773) |
| Interest paid | | **(45,715)** | (35,373) |
| Repayment of long-term debt and loans | **20** | **(219,988)** | (23,912) |
| Repayment of lease liabilities | **18** | **(39,803)** | (28,086) |
| Proceeds for common share issuances | **21** | **931** | — |
| Changes in non-cash working capital items from financing activities | **32** | **(37)** | (54) |
| Net cash used in financing activities | | **(51,606)** | (174,046) |
| **Cash flows from investing activities:** | | | |
| Acquisitions net of cash (bank indebtedness) acquired | **5** | **(59,059)** | (25,628) |
| Purchase of property, plant and equipment | | **(71,513)** | (101,598) |
| Proceeds on sale of property, plant and equipment | | **15,167** | 12,785 |
| Purchase of intangible assets | | **(50)** | — |
| Interest received | | **6,129** | 794 |
| Net investment in finance leases | | **464** | 192 |
| Other assets | | **(3,423)** | (213) |
| Proceeds on sale of investments | **13** | **70** | 1,868 |
| Dividends from equity investees | | **450** | 1,150 |
| Changes in non-cash working capital items from investing activities | **32** | **(139)** | 756 |
| Net cash used in investing activities | | **(111,904)** | (109,894) |
| Change in cash and cash equivalents | | **132,607** | (7,193) |
| Cash and cash equivalents at January 1 | | **2,295** | 8,757 |
| Effect of exchange rate fluctuations on cash held | | **(8,616)** | 731 |
| Cash and cash equivalents at December 31 | **6** | **$ 126,286** | $ 2,295 |

*The notes which begin on page 84 are an integral part of these consolidated financial statements.*

(Tabular amounts in thousands, except share and per share amounts)

**1. Reporting Entity**

Mullen Group Ltd. ("**Mullen Group**" and/or the "**Corporation**") was incorporated pursuant to the laws of the Province of Alberta and is a publicly-traded company listed on the Toronto Stock Exchange ("**TSX**") under the symbol 'MTL'. The Corporation maintains its registered office in Okotoks, Alberta, Canada. The business of Mullen Group is operated through wholly-owned (either directly or indirectly) subsidiaries and limited partnerships ("**Business Units**"). The Corporation is recognized as one of the leading suppliers of trucking and logistics services in Canada providing a wide range of service offerings including less-than-truckload, truckload, warehousing, logistics, transload, oversized and specialized hauling transportation. The Corporation also operates as a third-party logistics provider in the U.S. In addition, Mullen Group provides a diverse set of specialized services related to the energy, mining, forestry and construction industries in western Canada, including water management, fluid hauling and environmental reclamation. These consolidated financial statements ("**Annual Financial Statements**") include the accounts of the Corporation, its subsidiaries and its limited partnerships.

**2. Basis of Presentation**

(a) Statement of Compliance

These Annual Financial Statements have been prepared in accordance with and comply with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**").

(b) Basis of Measurement

These Annual Financial Statements have been prepared on the historical cost basis except for investments (excluding investments accounted for by the equity method), and derivative financial instruments ("**Derivatives**"), which are measured at fair value through profit or loss ("**FVTPL**").

(c) Functional and Presentation Currency

These Annual Financial Statements are presented in Canadian dollars, which is the functional currency of the Corporation. All financial information presented in Canadian dollars has been rounded to the nearest thousand except for per share amounts.

(d) Use of Estimates and Judgements

The preparation of these Annual Financial Statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates, judgements and assumptions. The carrying amount of assets, liabilities, accruals, provisions, other financial obligations, as well as the determination of fair values, contingent liabilities, reported income and expense in these Annual Financial Statements depends on the use of estimates, judgements and assumptions. In the process of applying the Corporation's accounting policies management takes into consideration existing circumstances and estimates at the date of these Annual Financial Statements, which affects the reported amounts of income and expenses during the reporting periods. Given the uncertainty inherent in determining these factors, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Assessments about whether line items are sufficiently material to warrant separate presentation in the primary financial statements and, if not, whether they are sufficiently material to warrant separate presentation in the notes to the financial statements.

This section contains the Corporation's estimates and judgements that relate to the financial statements as a whole. When an estimate, judgement or accounting policy is acceptable to a specific note to the financial statements, the estimate, judgement or policy and related disclosures are provided within that note as identified in the table below:

| Note | Topic | Page | Note | Topic | Page |
|---|---|---|---|---|---|
| 6 | Cash and cash equivalents | 93 | 15 | Accounts payable and accrued liabilities | 101 |
| 7 | Trade and other receivables | 93 | 17 | Income taxes | 101 |
| 8 | Inventory | 94 | 18 | Lease Liabilities | 104 |
| 9 | Property, plant and equipment | 94 | 19 | Convertible Unsecured Subordinated Debentures | 105 |
| 10 | Right-of-Use-Assets | 96 | 22 | Earnings per share | 109 |
| 11 | Goodwill | 96 | 23 | Revenue | 110 |
| 12 | Intangible assets | 98 | 26 | Share-based compensation plans | 112 |
| 14 | Derivative Financial Instruments | 100 | 33 | Operating segments | 121 |

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant items impacted by such estimates and judgements are outlined below. Readers are cautioned that the foregoing list is not exhaustive and other items may also be affected by estimates and judgements.

*Judgements*

*(i) Impairment Tests*

Mullen Group assesses at the end of each reporting period, whether there is an indication that an asset or cash generating unit ("**CGU**") may be impaired. If any indication of impairment exists, Mullen Group determines the recoverable amount of the asset or CGU. External triggering events include, for example, changes in customer or industry dynamics, drilling and other technologies and economic declines, including the decline in the value of Mullen Group's Common Share price. Internal triggering events for impairment include, for example, lower profitability or planned restructuring.

*Estimates*

*(i) Acquisitions*

The acquired assets, assumed liabilities (other than deferred taxes) and contingent consideration are recognized at fair value on the date Mullen Group effectively obtains control. The measurement of the assets and liabilities acquired in each business combination is based on the information available on the acquisition date. The estimate of fair value of the acquired intangible assets (including goodwill), property, plant and equipment and other assets and the liabilities assumed at the date of acquisition as well as the useful lives of the acquired intangible assets and property, plant and equipment is based on assumptions. The measurement is largely based on projected cash flows, discount rates and market conditions at the date of acquisition. Contingent consideration is based on the likelihood of various outcomes of specified future events. ▶ **For more information, refer to Note 5**.

*(ii) Impairment Tests*

Mullen Group's impairment tests compare the carrying amount of the asset or CGU to its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal ("**FVLCD**") and value in use ("**VIU**"). VIU and FVLCD are calculated using the estimated discounted future cash flows expected to be generated by the asset or its CGU. The discounting of cash flows involves key assumptions that consider all information available on the respective testing date. Management uses estimates, considering past and actual performance as well as expected developments in the respective markets and in the overall macro-economic environment and economic trends to model and discount future cash flows. ▶ **For more information, refer to Notes 11 and 12**.

## 3. Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Annual Financial Statements.

(a) Basis of Consolidation

These Annual Financial Statements include the accounts of Mullen Group, its subsidiaries and its limited partnerships. The financial statements of such subsidiaries and limited partnerships controlled by Mullen Group are included in these Annual Financial Statements from the date that control commenced until the date that control ceases. Control is achieved when the Corporation is exposed to, or has rights to, variable returns from its subsidiaries and limited partnerships and has the ability to affect those returns through its power to direct their activities. The accounting policies of subsidiaries and limited partnerships are the same as those of the Corporation. For the year ended December 31, 2024, the scope of consolidation for these Annual Financial Statements encompassed 110 entities, of which 18 were a first time consolidation. The first time consolidations were a result of the acquisitions of Pacific Northwest Investments Inc. ("**PNI**"), Chariot Express Ltd. ("**Chariot**"), 7121326 Manitoba Ltd. operating as Westman Courier and Freight ("**Westman**") and ContainerWorld Forwarding Services Inc. ("**ContainerWorld**"). During 2024, five entities ceased existence due to internal corporate reorganizations.

(b) Changes in Accounting Policies

On January 1, 2024, Mullen Group adopted the amendments made to International Accounting Standards 1 – Presentation of Financial Statements that clarifies how to classify debt and other liabilities as either current or non-current.

On January 1, 2024, Mullen Group adopted the amendments made to International Accounting Standards 7 – Statement of Cash Flows and International Financial Reporting Standard ("**IFRS**") 7 – Financial Instruments: Disclosures regarding supplier financing arrangements.

There has been no material impact to Mullen Group's consolidated financial statements as a result of these amendments.

(c) New Standards and Interpretations not yet adopted

Mullen Group has reviewed new and revised standards and interpretations that have been approved by IFRS Accounting Standards. The following outlines new amendments to IFRS Accounting Standards that are applicable to, or may have a future impact on Mullen Group.

*International Financial Reporting Standards 18 – Presentation and Disclosure in Financial Statements*

Effective for annual periods beginning on or after January 1, 2027, IFRS 18 – Presentation and Disclosure in Financial Statements replaces International Accounting Standards 1 – Presentation of Financial Statements. The new standard sets out presentation and base disclosure requirements for financial statements which mainly affect the income statement, where issuers will be required to present separate categories of income and expense for operating, financing and investing activities.

Mullen Group has reviewed new and revised standards and interpretations that have been approved by the IASB. Management is currently completing its initial assessment of IFRS 18.

(d) Investment Properties

Investment properties consist of real property that are held to earn rental income and are recorded at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition or the development of real property held to earn rental income. Subsequent to initial measurement, investment properties are measured using the cost model and are recorded at cost less accumulated depreciation. Depreciation is recorded annually on the buildings included within real property held to earn rental income on the declining balance basis at a rate of 2.5 percent per annum.

(e) Foreign Currency

Transactions in foreign currencies are translated to Canadian dollars, Mullen Group's functional currency, at the exchange rate on the date of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The financial statements for each of the Business Units are prepared using their functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. The presentation and functional currency of Mullen Group is Canadian dollars. The functional currency of HAUListic LLC ("**HAUListic**"), a U.S. based third-party logistics provider is U.S. dollars. Assets and liabilities of foreign operations are translated into Canadian dollars at the market rates prevailing at the balance sheet date. Operating results are translated at the average rates for the period. Exchange differences arising on the consolidation of the net assets of foreign operations are recorded in other comprehensive income.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the consolidated statement of income.

(f) Impairment of Assets

Assets are assessed at the end of each reporting period to determine if any indication of impairment exists. If any such indication exists, Mullen Group estimates the recoverable amount of the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash flows of other assets. Recoverability is measured by comparing the carrying amount of the asset or the CGU to which the asset belongs to the higher of its FVLCD and its VIU. VIU and FVLCD are calculated using the estimated discounted future cash flows expected to be generated by the asset or its CGU. If the carrying amount of the asset, or its respective CGU, exceeds its estimated recoverable amount, the difference is recognized as an impairment charge.

Impairment losses are recognized in net income. An impairment loss in respect of goodwill is irreversible. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amounts of any goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the CGU on a pro rata basis.

Mullen Group's corporate assets, which do not generate separate cash inflows, are allocated to the CGUs on a reasonable basis for impairment testing purposes.

(g) Financial Instruments

*(i) Non-Derivative Financial Assets*

| Financial Assets | Initial Measurement | Subsequent Measurement |
|---|---|---|
| Cash and cash equivalents | Fair value | Amortized cost |
| Trade and other receivables | Fair value | Amortized cost |
| Investments | Fair value | FVTPL |
| Investments – equity method | Fair value | Equity method |
| Other assets | Fair value | Amortized cost |

Cash and cash equivalents are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial assets are measured at amortized cost using the effective interest method.

Mullen Group initially recognizes trade and other receivables and other assets on the date that they originate. Impairment of trade and other receivables is recognized in selling and administrative expenses. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss, or a portion of such is reversed. The amount of the impairment loss reversed may not exceed the original impairment amount.

Mullen Group initially measures investments at fair value. Subsequent to initial recognition these financial assets are measured at FVTPL at the end of each reporting period. The purchase and sale of investments are recognized at the trade date of such transaction. When control of a Business Unit is lost, any retained interest is re-measured to its fair value with any resulting gain or loss being recognized within the statement of comprehensive income. As such, a gain or loss is recognized on the portion retained in addition to the gain or loss on the portion no longer owned.

Mullen Group initially recognizes equity investments at fair value. Subsequent to initial recognition these financial assets are measured using the equity method. Mullen Group uses the equity method to account for investments in which it has significant influence or joint control. Under the equity method, Mullen Group recognizes its share of profits or losses of the investee within the statement of comprehensive income. Dividends received from equity investments are recognized as a reduction in the carrying amount of the investment.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, Mullen Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Mullen Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by Mullen Group is recognized as a separate asset or liability.

*(ii)* *Non-Derivative Financial Liabilities*

| **Financial Liabilities** | **Initial Measurement** | **Subsequent Measurement** |
|---|---|---|
| Accounts payable and accrued liabilities | Fair value | Amortized cost |
| Dividends payable | Fair value | Amortized cost |
| Long-term debt | Fair value | Amortized cost |
| Convertible debentures – debt component | Fair value | Amortized cost |

Financial liabilities are recognized initially on the trade date at which Mullen Group becomes a party to the contractual provisions of the instrument. Financial liabilities that are not designated at FVTPL are initially measured at fair value plus or minus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, Mullen Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Mullen Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Accounts payable and accrued liabilities and dividends payable are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method.

Mullen Group initially recognizes debt securities issued and subordinated liabilities on the date that they originate. Mullen Group's long-term debt is comprised of a series of secured debt as follows: U.S. $112.0 million of Series H Notes, CDN. $3.0 million of Series J Notes, CDN. $80.0 million of Series L Notes, CDN. $300 million of series M Notes and U.S. $75.0 million of series N Notes (collectively, the "**Private Placement Debt**").

In June 2019, Mullen Group issued an aggregate principal amount of $125.0 million of convertible unsecured subordinated debentures (the "**Debentures**"). The component parts of the Debentures issued by the Corporation were classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. At the date of issue, the fair value of the debt component was estimated using the prevailing market interest rate for similar non-convertible instruments. This amount was recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The fair value of the conversion option (labelled Convertible debentures – equity component) was determined at issue date by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This conversion option is recognized net of income tax effects as equity and is not subsequently re-measured. In addition, the conversion option remains in equity until the conversion option is exercised, in which case, the balance recognized in equity is transferred to share capital. No gain or loss is recognized in the statement of comprehensive income upon conversion or expiration of the conversion option. As such, a proportionate amount of any unamortized debt issuance costs and accretion related to the Debentures converted into Common Shares is transferred to share capital on the conversion date.

*(iii)* *Derivative Financial Instruments*

Derivatives consist of financial contracts that derive their value from underlying changes in foreign exchange rates, interest rates, credit spreads or other financial measures. Mullen Group uses Derivatives such as Cross-Currency Swaps (as hereafter defined on page 100) as part of its foreign exchange risk management strategy. Derivatives are measured initially at fair value. Subsequent to initial recognition, Derivatives are measured at FVTPL and are recorded in the statement of comprehensive income. Mullen Group has not designated any Derivatives as hedges for accounting purposes.

(h) Decommissioning liabilities

Decommissioning liabilities are measured at the present value of the expenditures expected to be incurred to remediate, reclaim and abandon the Corporation's disposal wells and related facilities in future periods. The Corporation uses an estimated inflation rate and a risk-free interest rate in the measurement of the present value of its decommissioning liabilities. The corresponding asset cost associated with the decommissioning liabilities are capitalized within property, plant and equipment and are amortized over their estimated useful life. Any revisions to the estimated timing, amount of cash flows, inflation rate or risk-free interest rate are recognized as a change in the decommissioning liabilities and the corresponding asset cost. Accretion expense is recognized in the consolidated statement of comprehensive income within other (income) expense. The estimated future costs of the Corporation's decommissioning liabilities are reviewed and adjusted as required at the end of each reporting period.

(i) Equity

Common Shares are presented in share capital within equity. Incremental costs directly attributable to the issue of Common Shares and share options are recognized as a deduction from share capital, net of any tax effects. When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs net of any tax effects, is recognized as a deduction from share capital. When Common Shares are repurchased and cancelled, the stated value is deducted from share capital and the resulting surplus or deficit on the transaction is recorded against contributed surplus or retained earnings within equity.

(j) Provisions

A provision is recognized in the financial statements when Mullen Group has an material obligation, whether existing or potential, as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the obligation is determined to exist, then the estimated amount of the provision is determined by discounting the expected future cash outflows.

(k) Finance costs

Finance costs encompass interest expense on financial liabilities and accretion expense on debt and are recognized as an expense in the period in which they are incurred. Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that purchase.

(l) Employee Benefits

Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under Mullen Group's profit share plans when a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

(m) Acquisitions

Acquisitions of businesses are accounted for using the acquisition method. Acquired assets and assumed liabilities are recognized at their fair values at the acquisition date. For those acquisitions that include a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and subsequent changes in such fair value amounts are recognized in net income. Acquisition-related costs are recognized in net income as incurred.

If the initial accounting for a business combination has not been finalized by the end of the reporting period in which the combination occurs, Mullen Group reports estimated amounts. These estimated amounts are adjusted retrospectively during the measurement period to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

## 4. Determination of Fair Values

A number of Mullen Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in Note 2 and in notes specific to that asset or liability.

Financial instruments measured at fair value on the statement of financial position require classification into one of the following levels of the fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Inputs for the asset or liability that are not based on observable market data.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

(a) Trade and Other Receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(b) Property, Plant and Equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on fair values at date of acquisition. The fair value of items of property, plant and equipment is based on market or cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

(c) Intangible Assets

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(d) Investments

The fair value of financial assets designated as measured at fair value, is determined by reference to their quoted closing price at the reporting date. Other than investments accounted for by the equity method, the fair value of all of Mullen Group's investments were determined using Level 1 of the fair value hierarchy.

(e) Derivative Financial Instruments

The fair value of Derivatives is determined using Level 2 of the fair value hierarchy. Level 2 fair values are determined by referencing observable market data, including future foreign currency curves, interest rates, credit spreads and other financial measures. Transaction costs are recognized in net income as incurred.

(f) Accounts Payable and Accrued Liabilities

The fair value of accounts payable and accrued liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(g) Non-Derivative Financial Liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(h) Private Placement Debt

The fair value of Private Placement Debt is determined using Level 2 of the fair value hierarchy. Level 2 values are determined by referencing observable market data, including changes to interest rates and foreign exchange fluctuations.

(i) Convertible debentures – debt component

The fair value of convertible debentures – debt component is determined using Level 1 of the fair value hierarchy. Level 1 values are determined using quoted prices in active markets.

(Tabular amounts in thousands, except share and per share amounts)

Fair Values Versus Carrying Amounts

The following tables compare the fair value of financial assets and financial liabilities to its corresponding carrying amount as presented in the consolidated statement of financial position:

| **December 31, 2024**<br>**Financial Instrument** | | **Carrying Amount** | | **Fair Value** |
|---|---|---|---|---|
| Cash and cash equivalents | $ | **126,286** | $ | **126,286** |
| Trade and other receivables | | **292,273** | | **292,273** |
| Investments (excluding investments accounted for by using the equity method) | | **1,714** | | **1,714** |
| Other assets | | **5,887** | | **5,887** |
| **Total financial assets** | $ | **426,160** | $ | **426,160** |
| | | | | |
| Accounts payable and accrued liabilities | $ | **159,023** | $ | **159,023** |
| Dividends payable | | **6,137** | | **6,137** |
| Private Placement Debt | | **649,182** | | **631,239** |
| Convertible debentures - debt component | | **120,501** | | **117,149** |
| **Total financial liabilities** | $ | **934,843** | $ | **913,548** |

| **December 31, 2023**<br>**Financial Instrument** | | **Carrying Amount** | | **Fair Value** |
|---|---|---|---|---|
| Cash and cash equivalents | $ | 2,295 | $ | 2,295 |
| Trade and other receivables | | 278,011 | | 278,011 |
| Investments (excluding investments accounted for by using the equity method) | | 1,027 | | 1,027 |
| Other assets | | 2,335 | | 2,335 |
| Total financial assets | $ | 283,668 | $ | 283,668 |
| | | | | |
| Bank indebtedness | $ | 73,000 | $ | 73,000 |
| Accounts payable and accrued liabilities | | 151,180 | | 151,180 |
| Dividends payable | | 5,284 | | 5,284 |
| Private Placement Debt | | 473,576 | | 460,269 |
| Convertible debentures – debt component | | 118,153 | | 116,050 |
| **Total financial liabilities** | $ | 821,193 | $ | 805,783 |

## 5. Acquisitions

*2024 Acquisitions*

Pacific Northwest Investments Inc.– On December 1, 2024, Mullen Group acquired all of the issued and outstanding shares of PNI including its subsidiary Pacific Northwest Moving (Yukon) Limited ("**PNW**") and two owned facilities for total consideration of $19.2 million, which consists of $17.2 million of cash consideration paid on closing and $2.0 million of potential contingent consideration. The $2.0 million of potential contingent consideration is payable to the vendors pursuant to the purchase and sale agreement for achieving certain financial targets over the calendar years ending December 31, 2025 and 2026. Mullen Group has initially estimated the fair value of this contingent consideration to be $2.0 million. PNW is a privately held company headquartered in Edmonton, Alberta with two owned terminals in Whitehorse, Yukon and Edmonton, Alberta. PNW offers multiple less-than-truckload ("**LTL**") solutions to its customer base including temperature controlled, dry van and deck as well as local "last mile" delivery services in both Whitehorse and Dawson City, Yukon. The acquisition of PNW aligns with our strategy of acquiring transportation companies that have a strong regional presence. The financial results of PNW are included in the Less-Than-Truckload segment.

7121326 Manitoba Ltd. o/a Westman Courier and Freight – Effective October 1, 2024, Mullen Group acquired all of the shares of Westman for total cash consideration of $9.1 million. Westman specializes in small parcel to full truckload service to and from communities throughout Manitoba and into Thunder Bay, Ontario. Westman operates a fleet of 75 trucks and vans with depots in Winnipeg, Brandon, Swan River, Dauphin, Thompson, and Thunder Bay. The acquisition of Westman aligns with our strategy of acquiring transportation and logistics companies. The financial results of Westman were integrated into Gardewine Group Limited Partnership, which is included within the Less-Than-Truckload segment.

Chariot Express Ltd. – On October 1, 2024, Mullen Group acquired all of the issued and outstanding shares of Chariot for total cash consideration of $2.1 million. Chariot is a privately held company headquartered in Calgary, Alberta. The financial results of Chariot are included within the Less-Than-Truckload segment.

1938359 Alberta Ltd. operating as Rockyview Transport – Effective September 1, 2024, Mullen Group acquired certain assets and the courier and small package business of 1938359 Alberta Ltd. operating as Rockyview Transport ("**RVT**") for total cash consideration of $1.1 million. RVT is a privately held company headquartered in Calgary, Alberta and provides courier and small package delivery transportation services. The acquisition of certain assets and the courier and small package business of RVT aligns with Mullen Group's strategy of acquiring transportation and logistics businesses. The financial results of RVT were integrated into West Direct Express Ltd., which is included within the Less-Than-Truckload segment.

ContainerWorld Forwarding Services Inc. – Effective May 1, 2024, Mullen Group acquired all of the issued and outstanding shares of ContainerWorld Forwarding Services Inc. and its operating subsidiaries ("**ContainerWorld**") for total cash consideration of $21.1 million. Mullen Group recognized $27.7 million of cash used to acquire ContainerWorld on its consolidated statement of cash flows, which includes $6.6 million of bank indebtedness, and $21.1 million of cash consideration. There was also $2.5 million of potential contingent consideration payable to the vendors pursuant to the purchase and sale agreement for achieving certain financial targets over the calendar year ending December 31, 2024. Mullen Group initially estimated the fair value of this contingent consideration to be $2.5 million. In the third quarter of 2024, Mullen Group revised the fair value of this contingent consideration to be nil. ContainerWorld did not achieve these financial targets for the year ending December 31, 2024. ContainerWorld is a privately held company headquartered in Richmond, British Columbia and offers integrated supply chain solutions to the alcoholic beverage and hospitality industries. Through a network of customs and sufferance bonded warehouses, ContainerWorld provides inventory management, freight forwarding, warehousing, and distribution services to international and domestic customers in the provinces of British Columbia and Ontario. The acquisition of ContainerWorld aligns with Mullen Group's strategy of acquiring warehousing, distribution and transportation companies that have a strong regional presence. The financial results of ContainerWorld are included in the Logistics & Warehousing segment.

*2023 Acquisitions*

R. Dufour Enterprises Ltd. – On October 2, 2023, Mullen Group acquired the assets and business of R. Dufour Enterprises Ltd. ("**R. Dufour**") for total cash consideration of $3.2 million. R. Dufour is a privately held company headquartered in Dawson Creek, British Columbia. The financial results of the assets and business acquired were integrated into Bandstra Transportation Systems Ltd., which is included within the Logistics & Warehousing segment.

B. & R. Eckel's Transport Ltd. – On May 1, 2023, Mullen Group acquired all of the issued and outstanding shares of B. & R. Eckel's Transport Ltd. ("**B&R**") for total cash consideration of $20.4 million. Mullen Group recognized $20.4 million of cash used to acquire B&R on its consolidated statement of cash flows within cash flows from investing activities, which consists of $19.9 million of cash consideration and $0.5 million of bank indebtedness acquired. In conjunction with the acquisition of B&R, Mullen Group also repaid $23.6 million of debt on closing, consisting of both related party and third party debt, which was recognized within repayment of long-term debt and loans on its consolidated statement of cash flows under cash flows from financing activities. B&R is a privately held company headquartered in Bonnyville, Alberta and provides three primary service offerings to a diverse group of customers in the greater Northeastern Alberta region: less-than-truckload ("**LTL**"), full truckload and general oilfield hauling. The acquisition of B&R aligns with Mullen Group's strategy of acquiring transportation companies that have a strong regional presence as well as investing in the energy sector. The financial results of B&R are split between the Less-Than-Truckload segment and the Specialized & Industrial Services segment.

Butler Ridge Energy Services (2011) Ltd. – On July 1, 2015, Mullen Group acquired approximately 32.0 percent of the issued and outstanding shares of Butler Ridge Energy Services (2011) Ltd. ("**Butler Ridge**") for $1.0 million. Mullen Group used the equity method to account for this investment and recognized $1.0 million of earnings from July 1, 2015 until March 1, 2023. On March 1, 2023, Mullen Group acquired all of the remaining issued and outstanding shares of Butler Ridge for total consideration of $3.1 million. Mullen Group recorded $2.0 million of cash used to acquire Butler Ridge on its consolidated statement of cash flows, which consists of $2.2 million of cash consideration net of $0.2 million of cash and cash equivalents acquired. The Corporation also issued 57,180 Common Shares of Mullen Group to the vendors. The fair value of Butler Ridge was $4.5 million on the date control was obtained resulting in a $0.6 million loss on this equity investment being recognized within other (income) expense on the consolidated statement of comprehensive income. Butler Ridge is based in Hudson's Hope, British Columbia and offers a complete package of fluid management services to the energy sector in the Peace River region. We acquired Butler Ridge as part of our strategy to invest in the energy sector. The financial results of Butler Ridge are included within the Specialized & Industrial Services segment.

These acquisitions have been accounted for by the acquisition method, and results of operations have been included in these Annual Financial Statements from the date of acquisition. The goodwill acquired in these acquisitions primarily relates to the assembled workforce and the synergies from the integration of the acquired businesses.

(Tabular amounts in thousands, except share and per share amounts)

| | PNW | Westman | Chariot | RVT | Container World | 2024 |
|---|---|---|---|---|---|---|
| Assets: | | | | | | |
| Non-cash working capital items[1] | $ 1,323 | $ 1,282 | $ 867 | $ (82) | $ (14,345) | **$ (10,955)** |
| Property, plant and equipment | 14,367 | 3,676 | 740 | 20 | 9,654 | **28,457** |
| Right-of-use assets | 2,224 | 2,039 | — | 612 | 141,358 | **146,233** |
| Intangible assets | 6,760 | 1,930 | 610 | 1,020 | 24,300 | **34,620** |
| Goodwill | 81 | 3,078 | 91[2] | 80 | 1,085[2] | **4,415** |
| Other | 28 | 54 | — | — | 36 | **118** |
| | 24,783 | 12,059 | 2,308 | 1,650 | 162,088 | **202,888** |
| Assumed liabilities: | | | | | | |
| Lease liabilities (long-term portion) | 1,321 | 1,692 | — | 525 | 126,340 | **129,878** |
| Deferred income taxes | 2,818 | 1,164 | 238 | — | 8,007 | **12,227** |
| Long-term debt | 1,724 | — | — | — | — | **1,724** |
| | 5,863 | 2,856 | 238 | 525 | 134,347 | **143,829** |
| Net assets before cash and cash equivalents | 18,920 | 9,203 | 2,070 | 1,125 | 27,741 | **59,059** |
| Cash and cash equivalents (bank indebtedness) | 306 | (127) | 30 | — | (6,608) | **(6,399)** |
| Net assets | 19,226 | 9,076 | 2,100 | 1,125 | 21,133 | **52,660** |
| Consideration: | | | | | | |
| Cash | 17,226 | 9,076 | 2,100 | 1,125 | 21,133 | **50,660** |
| Contingent consideration | 2,000 | — | — | — | — | **2,000** |
| | $ 19,226 | $ 9,076 | $ 2,100 | $ 1,125 | $ 21,133 | **$ 52,660** |

*[1] Includes the fair value of accounts receivable and the fair value of the current portion of lease liabilities of $25.6 million and $16.6 million, respectively.*
*[2] Goodwill is not deductible for tax purposes.*

| | R. Dufour | B&R | Butler Ridge | 2023 |
|---|---|---|---|---|
| Assets: | | | | |
| Non-cash working capital items | **$ 59** | **$ 12,964** | **$ 101** | **$ 13,124** |
| Property, plant and equipment | **3,148** | **30,965** | **2,142** | **36,255** |
| Right-of-use assets | **—** | **9,334** | **170** | **9,504** |
| Intangible assets | **—** | **2,410** | **2,830** | **5,240** |
| Goodwill[1] | **—** | **1,538** | **290** | **1,828** |
| Other | **—** | **70** | **—** | **70** |
| | **3,207** | **57,281** | **5,533** | **66,021** |
| Assumed liabilities: | | | | |
| Lease liabilities (long-term portion) | **—** | **6,586** | **131** | **6,717** |
| Deferred income taxes | **—** | **6,632** | **1,066** | **7,698** |
| Due to related party | **—** | **17,494** | **—** | **17,494** |
| Long-term debt | **—** | **6,164** | **69** | **6,233** |
| | **—** | **36,876** | **1,266** | **38,142** |
| Net assets before cash and cash equivalents | **3,207** | **20,405** | **4,267** | **27,879** |
| Cash and cash equivalents (bank indebtedness) | **—** | **(517)** | **234** | **(283)** |
| Net assets | **3,207** | **19,888** | **4,501** | **27,596** |
| Consideration: | | | | |
| Cash | **3,207** | **19,888** | **2,250** | **25,345** |
| Share consideration | **—** | **—** | **812** | **812** |
| Fair value of equity investment | **—** | **—** | **1,439** | **1,439** |
| | **$ 3,207** | **$ 19,888** | **$ 4,501** | **$ 27,596** |

*[1] Goodwill is not deductible for tax purposes*

(Tabular amounts in thousands, except share and per share amounts)

## 6. Cash and Cash Equivalents

**Policy:** Cash and cash equivalents are comprised of cash and highly liquid short-term investments originally maturing within three months or less.

**Supporting information:**

Cash and cash equivalents of $126.3 million (2023 – $2.3 million) are comprised of cash held at Canadian financial institutions that are rated AA- and A-1 and at U.S. financial institutions rated A-1, A-1 and AA- by S&P Credit Rating as at December 31, 2024.

## 7. Trade and Other Receivables

**Policy:** The Corporation applies an expected credit loss approach in determining provisions for financial assets (other than equity instruments) carried at amortized cost or fair value through net income and total comprehensive income. The approach that the Corporation has taken for trade receivables is a provision matrix approach whereby lifetime expected credit losses are recognized based on aging characterization and credit worthiness of customers. Specific provisions may be used where there is information that a specific customer's expected credit losses has increased.

**Estimates:** The Corporation calculates the expected credit losses on accounts receivable using a provision matrix which is based on the Corporation's historical credit loss experience for accounts receivable to estimate the lifetime expected credit losses. The provision matrix specifies fixed provision rates depending on the number of days that a trade receivable is past due.

**Supporting information:**

| | | December 31 2024 | | December 31 2023 |
|---|---|---|---|---|
| Trade receivables | **$** | **256,404** | $ | 245,424 |
| Other receivables[(1)] | | **30,138** | | 29,983 |
| Net investment in finance leases[(2)] | | **983** | | 169 |
| Contract assets | | **4,748** | | 2,435 |
| | **$** | **292,273** | $ | 278,011 |

*(1) Includes $nil (2023 – $1.2 million) of amounts due from related parties.*

*(2) Net investment in finance leases includes amounts owing within 12 months or less and mainly consisted of the net investment in subleases on real property where the Business Unit has entered into the head lease.*

A contract asset is recognition of Mullen Group's right to consideration in exchange for goods or services we have transferred to a customer that is conditional on something other than the passage of time. For Mullen Group, the majority of the contract assets consists of amounts recognized on a transportation contract that has been partially transported but not yet delivered to destination at period end.

The classification between current and non-current assets in respect of trade and other receivables was as follows:

| | | December 31 2024 | | December 31 2023 |
|---|---|---|---|---|
| Current | **$** | **292,269** | $ | 278,011 |
| Non-current | **$** | **4** | $ | — |

The aging of trade receivables and expected credit loss allowance accounts was as follows:

| | | December 31 2024 | | December 31 2023 |
|---|---|---|---|---|
| Current 0-30 days | **$** | **149,464** | $ | 146,143 |
| Past due 31-60 days | | **73,511** | | 68,740 |
| Past due 61-90 days | | **24,516** | | 21,959 |
| More than 90 days | | **18,384** | | 18,002 |
| | | **265,875** | | 254,844 |
| Expected credit loss allowance | | **(9,471)** | | (9,420) |
| Total trade receivables (net of impairment) | **$** | **256,404** | $ | 245,424 |

(Tabular amounts in thousands, except share and per share amounts)

The change in the expected credit loss allowance in respect of trade and other receivables during the year was as follows:

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Balance at January 1 | **$** | **9,420** | $ | 10,312 |
| Acquired during the year | | **711** | | 220 |
| Bad debts recognized | | **(766)** | | (841) |
| Expected credit loss allowance recorded | | **2,575** | | 2,436 |
| Expected credit loss allowance reversed | | **(2,469)** | | (2,707) |
| Balance at December 31 | **$** | **9,471** | $ | 9,420 |

## 8. Inventory

Inventory consists primarily of repair parts, fuel and items for resale.

**Policy:** Inventory is stated at the lower of cost or net realizable value. The cost of inventory is accounted for on a weighted average basis and includes expenditures incurred in acquiring the inventory, and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.

**Supporting information:**

| | | December 31 2024 | | December 31 2023 |
|---|---|---|---|---|
| Inventory of repair parts and fuel | **$** | **30,646** | $ | 30,745 |
| Inventory for resale | | **15,089** | | 16,948 |
| | **$** | **45,735** | $ | 47,693 |

## 9. Property, Plant and Equipment

**Estimates:** Depreciation and amortization are calculated using a systematic and rational basis, which are based upon an estimate of each asset's useful life and residual value. The estimated useful life and residual value chosen are Mullen Group's best estimate of such and are based on industry norms, historical experience, market conditions and other estimates that consider the period and distribution of future cash inflows.

**Judgements:** Mullen Group's depreciation and amortization methods for trucks and trailers as well as other property, plant and equipment and intangible assets are based on management's judgement in selecting methods that most accurately match the pattern of economic benefits consumed by the Corporation from the use of such assets. These judgements are based upon industry norms and Mullen Group's historical experience.

**Policy:** Property, plant and equipment are recorded at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When the cost of a part of an item of property, plant and equipment is significant in relation to the total cost of an item and the parts have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The costs of day-to-day servicing of property, plant and equipment are recognized in direct operating expenses. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within other (income) expense. Depreciation of additions and disposals is prorated from the month of purchase or disposal. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate. Except for Leasehold improvements, depreciation is recorded annually over the estimated useful lives of the assets on the declining balance basis at the following depreciation rates:

| | |
|---|---|
| Buildings | 2.5 - 8% |
| Trucks and trailers | 10 - 20% |
| Equipment, satellite communication equipment, furniture and fixtures, automobiles, computer hardware, drilling equipment and systems software ("**Miscellaneous Equipment**") | 20 - 50% |

(Tabular amounts in thousands, except share and per share amounts)

**Supporting information:**

| | Land and buildings | Trucks and trailers | Miscellaneous Equipment | Total |
|---|---|---|---|---|
| Cost | | | | |
| Balance at January 1, 2024 | $ 651,811 | $ 852,439 | $ 356,506 | $ 1,860,756 |
| Additions(1) | 17,780 | 58,691 | 23,529 | 100,000 |
| Disposals | (10,421) | (40,867) | (7,495) | (58,783) |
| Balance at December 31, 2024 | 659,170 | 870,263 | 372,540 | 1,901,973 |
| Accumulated Depreciation | | | | |
| Balance at January 1, 2024 | 102,194 | 468,482 | 254,888 | 825,564 |
| Depreciation expense | 8,051 | 43,360 | 21,947 | 73,358 |
| Disposals | (5,785) | (32,679) | (4,635) | (43,099) |
| Balance at December 31, 2024 | 104,460 | 479,163 | 272,200 | 855,823 |
| Net book value at December 31, 2024 | **$ 554,710** | **$ 391,100** | **$ 100,340** | **$ 1,046,150** |

| | Land and buildings | Trucks and trailers | Miscellaneous Equipment | Total |
|---|---|---|---|---|
| Cost | | | | |
| Balance at January 1, 2023 | $ 637,411 | $ 797,249 | $ 339,022 | $ 1,773,682 |
| Additions(1) | 17,151 | 94,653 | 26,449 | 138,253 |
| Disposals | (2,751) | (39,463) | (8,965) | (51,179) |
| Balance at December 31, 2023 | 651,811 | 852,439 | 356,506 | 1,860,756 |
| Accumulated Depreciation | | | | |
| Balance at January 1, 2023 | 94,336 | 457,304 | 240,418 | 792,058 |
| Depreciation expense | 9,302 | 41,908 | 22,013 | 73,223 |
| Disposals | (1,444) | (30,730) | (7,543) | (39,717) |
| Balance at December 31, 2023 | 102,194 | 468,482 | 254,888 | 825,564 |
| Net book value at December 31, 2023 | $ 549,617 | $ 383,957 | $ 101,618 | $ 1,035,192 |

*(1) Additions include property, plant, and equipment purchased by way of business acquisitions of $28.5 million (2023 – $36.3 million).*
► ***For more information, refer to Note 5***.

At December 31, 2024, land and buildings include $48.1 million (2023 – $47.2 million) of investment properties held to earn rental income. The total cost and accumulated depreciation associated with investment properties was $55.5 million (2023 – $55.3 million) and $7.4 million (2023 – $8.1 million), respectively. Mullen Group generated $4.0 million of rental income (2023 – $3.7 million) from investment properties. At December 31, 2024, the fair market value of investment properties was $99.1 million (2023 – $95.8 million).

Property, plant and equipment are reviewed for impairment whenever events or conditions indicate that their net carrying amount may not be recoverable. In 2024 and 2023, no impairment indicators were identified, therefore the Corporation did not record an impairment loss on property, plant and equipment.

(Tabular amounts in thousands, except share and per share amounts)

## 10. Right-of-Use Assets

**Estimates:** Right-of-Use-Assets involves estimating each asset's useful life. The estimated useful life chosen is Mullen Group's best estimate and is based on historical experience.

**Policy:** As lease liabilities are recognized, there is a corresponding right-of-use asset recorded at the date on which the asset becomes available for use. Right-of-use assets are depreciated over the shorter of the assets' useful life and the lease term on a straight line basis. ▶ **For more information, refer to Note 18.**

**Supporting information:**

| | Real Property | Operating Equipment | Total |
|---|---|---|---|
| Cost | | | |
| Balance at January 1, 2024 | $ **127,447** | $ **30,049** | $ **157,496** |
| Additions[1] | **157,069** | **15,869** | **172,938** |
| Subleases | **(1,584)** | **—** | **(1,584)** |
| Disposals | **(14,004)** | **(6,444)** | **(20,448)** |
| Balance at December 31, 2024 | **268,928** | **39,474** | **308,402** |
| Accumulated Depreciation | | | |
| Balance at January 1, 2024 | **42,381** | **22,137** | **64,518** |
| Depreciation expense | **34,379** | **8,630** | **43,009** |
| Disposals | **(9,755)** | **(7,052)** | **(16,807)** |
| Balance at December 31, 2024 | **67,005** | **23,715** | **90,720** |
| Net book value at December 31, 2024 | **$ 201,923** | **$ 15,759** | **$ 217,682** |

| | Real Property | Operating Equipment | Total |
|---|---|---|---|
| Cost | | | |
| Balance at January 1, 2023 | $ 99,854 | $ 29,932 | $ 129,786 |
| Additions[1] | 33,182 | 1,100 | 34,282 |
| Subleases | (225) | — | (225) |
| Disposals | (5,364) | (983) | (6,347) |
| Balance at December 31, 2023 | 127,447 | 30,049 | 157,496 |
| Accumulated Depreciation | | | |
| Balance at January 1, 2023 | 26,572 | 15,458 | 42,030 |
| Depreciation expense | 21,471 | 7,662 | 29,133 |
| Disposals | (5,662) | (983) | (6,645) |
| Balance at December 31, 2023 | 42,381 | 22,137 | 64,518 |
| Net book value at December 31, 2023 | $ 85,066 | $ 7,912 | $ 92,978 |

*1) Additions include right-of-use assets acquired by way of business acquisitions of $146.2 million (2023 – $9.5 million).* ▶ ***For more information, refer to Note 5.***

## 11. Goodwill

In general terms, goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.

**Estimates:** The recoverability of Goodwill that involves estimating future cash flows involving Mullen Group's best estimate of the set of economic conditions that are expected to exist over the forecast period, considering past and actual performance as well as expected developments in the perspective markets and in the overall macro-economic environment, forecasted changes in drilling activity and the Business Unit's respective markets. The fair value of each CGU was determined using Level 3 of the fair value hierarchy.

**Judgements:** Estimating future cash flows requires judgement, considering past and actual performance as well as expected developments in the respective markets and in the overall macro-economic environment. In addition, the allocation of shared corporate and administrative assets to our CGU's requires certain judgements. Key assumptions are detailed as follows.

(Tabular amounts in thousands, except share and per share amounts)

**Policy:** Mullen Group measures goodwill as the fair value of the consideration transferred, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that Mullen Group incurs in connection with a business combination are expensed as incurred.

For the purpose of calculating goodwill, fair values of acquired assets, assumed liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows to present value. This discounting is either performed using market rates or by using risk free interest rates and risk adjusted expected future cash flows.

Goodwill is reviewed for impairment annually, or more frequently if there are indications that impairment may have occurred. Goodwill impairment is tested at the CGU level and is determined based upon the recoverable amount of each CGU compared to the CGU's respective carrying amount. At Mullen Group, the CGUs consist of each of its Business Units. The recoverable amount is the higher of FVLCD and the VIU. If the impairment loss exceeds the carrying amount of goodwill, the goodwill is written off completely. Any impairment loss left over is allocated to the remaining assets of the CGU. Impairment losses in respect of goodwill are irreversible.

**Supporting information:**

The changes in the carrying amount of goodwill are shown below:

| | | 2024 | | 2023 |
|---|---|---|---|---|
| Balance at January 1 | **$** | **367,084** | $ | 365,995 |
| Goodwill acquired during the year(1) | | **7,121** | | 1,089 |
| **Balance at December 31** | **$** | **374,205** | $ | 367,084 |

*(1) Includes $2.7 million (2023 – $(0.7) million) of exchange rate fluctuations on the goodwill at HAUListic.*

At December 31, 2024, the Less-Than-Truckload segment had a carrying value of $181.6 million of goodwill as compared to $178.2 million of goodwill as at December 31, 2023. This $3.3 million increase was a result of recognizing goodwill on the acquisitions of PNW, Westman, Chariot and RVT. The Logistics & Warehousing segment had a carrying value of $84.5 million of goodwill in 2024 as compared to $83.4 million in 2023. This $1.1 million increase was a result of recognizing goodwill on the acquisition of ContainerWorld. The U.S. & International Logistics segment had a carrying value of $33.5 million of goodwill in 2024 as compared to $30.8 million in 2023. The $2.7 million change in goodwill was due to the year over year variance in foreign exchange rates and its impact on the goodwill at HAUListic LLC. The Specialized & Industrial Services segment had a carrying value of $74.6 million of goodwill in 2024, which is consistent with the goodwill as at December 31, 2023. ▶ **For more information, refer to Note 5**.

The following table summarizes the significant carrying amounts of goodwill:

| | | December 31 2024 | | December 31 2023 |
|---|---|---|---|---|
| Cash Generating Unit | | | | |
| Gardewine Group Limited Partnership | **$** | **91,846** | $ | 88,768 |
| Kleysen Group Ltd. | | **34,099** | | 34,099 |
| HAUListic LLC | | **33,476** | | 30,771 |
| APPS Cartage Inc. | | **28,670** | | 28,670 |
| Hi-Way 9 Express Ltd. | | **23,902** | | 23,902 |
| Heavy Crude Hauling L.P. | | **16,989** | | 16,989 |
| Tenold Transportation Ltd. | | **16,580** | | 16,580 |
| APPS Cargo Terminals Inc. | | **12,251** | | 12,251 |
| E-Can Oilfield Services L.P. | | **12,094** | | 12,094 |
| Canadian Dewatering L.P. | | **11,674** | | 11,674 |
| Other CGUs | | **92,624** | | 91,286 |
| **Total Goodwill** | **$** | **374,205** | $ | 367,084 |

(a) Impairment Testing for Cash Generating Units Containing Goodwill

Mullen Group performed its annual impairment test for goodwill and concluded that there was no impairment of goodwill in any of its CGUs as the recoverable amount for these CGUs was higher than their respective carrying amount. Recognition of any impairment of goodwill would be recognized as an expense and reduce book equity and net income but it would not impact cash flows.

(b) Recoverable Amount

The recoverable amounts were determined using the FVLCD approach. The FVLCD methodology is based on discounted future cash flows. Management believes that the discounted future cash flows method is appropriate as it allows more precise valuation of the specific future cash flows. The recoverable amount was determined using a discounted cash flow approach for all CGUs. The recoverable value was determined by discounting the future cash flows generated from Mullen Group's continuing use of the CGU. The discounted cash flow model employed by the Corporation reflects the specifics of each CGU and its business environment. The model calculates the present value of the estimated future earnings of each CGU.

(Tabular amounts in thousands, except share and per share amounts)

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

| | Discount rate | | Terminal value growth rate | |
|---|---|---|---|---|
| | December 31 2024 | December 31 2023 | December 31 2024 | December 31 2023 |
| Cash Generating Unit | | | | |
| Gardewine Group Limited Partnership | **11.0%** | 11.0% | **2.0%** | 2.0% |
| Kleysen Group Ltd. | **11.0%** | 11.0% | **2.5%** | 2.5% |
| HAUListic LLC | **10.5%** | 10.5% | **2.5%** | 2.5% |
| APPS Cartage Inc. | **11.5%** | 11.5% | **2.5%** | 2.5% |
| Hi-Way 9 Express Ltd. | **11.5%** | 11.5% | **2.5%** | 2.5% |
| Heavy Crude Hauling L.P. | **12.5%** | 12.5% | **2.0%** | 2.0% |
| Tenold Transportation Ltd. | **11.5%** | 11.5% | **2.5%** | 2.5% |
| APPS Cargo Terminals Inc. | **11.5%** | 11.5% | **2.5%** | 2.5% |
| E-Can Oilfield Services L.P. | **12.5%** | 12.5% | **2.0%** | 2.0% |
| Canadian Dewatering L.P. | **12.5%** | 12.5% | **2.5%** | 2.5% |
| Other | **11.5% - 12.5%** | 11.5% - 12.5% | **2.0% - 2.5%** | 2.0% - 2.5% |

(i) Revenues were projected based on past experience, actual operating results and the one year business plan for the immediate year. Revenues for a further four year period were extrapolated using constant revenue growth rates of between 2.0 to 2.5 percent.

(ii) The terminal value growth rate is based on management's best estimate of the long-term growth rate for its CGUs after the forecast period, considering historic performance and future economic forecasts.

(iii) Each CGU's discount rate reflects their individual size, risk profile and circumstance and is based on past experience and industry average weighted average cost of capital.

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

| | Change in discount rate | | Change in terminal value growth rate | |
|---|---|---|---|---|
| | December 31 2024 | December 31 2023 | December 31 2024 | December 31 2023 |
| Cash Generating Unit | | | | |
| Gardewine Group Limited Partnership | **3.4%** | 4.6% | **(5.2)%** | (7.2)% |
| Kleysen Group Ltd. | **7.9%** | 8.9% | **(13.9)%** | (16.5)% |
| HAUListic LLC | **7.3%** | 11.8% | **(12.7)%** | (20.0)%+ |
| APPS Cartage Inc. | **7.6%** | 4.7% | **(14.0)%** | (7.7)% |
| Hi-Way 9 Express Ltd. | **20.0%+** | 20.0%+ | **(20.0)%+** | (20.0)%+ |
| Heavy Crude Hauling L.P. | **1.5%** | 2.1% | **(2.2)%** | (3.1)% |
| Tenold Transportation Ltd. | **2.4%** | 5.0% | **(3.4)%** | (8.2)% |
| APPS Cargo Terminals Inc. | **20.0%** | 20.0%+ | **(20.0)%+** | (20.0)%+ |
| E-Can Oilfield Services L.P. | **2.0%** | 2.6% | **(3.0)%** | (3.4)% |
| Canadian Dewatering L.P. | **5.3%** | 6.1% | **(8.8)%** | (10.5)% |

## 12. Intangible Assets

Intangible assets are mainly comprised of customer relationships and non-competition agreements acquired through business combinations. In 2024, Mullen Group acquired $34.6 million of intangible assets by virtue of acquisitions. Intangible assets are amortized over their estimated useful lives on a straight line basis over a period of five to ten years.

**Policy:** Intangible assets acquired as part of acquisitions are capitalized at fair value as determined at the date of acquisition and are subsequently stated at that capitalized cost less accumulated amortization and impairment losses.

(Tabular amounts in thousands, except share and per share amounts)

**Judgements:** Estimating future cash flows and earnings requires judgement, considering past and actual performance as well as expected developments in the respective markets and in the overall macro-economic environment. Management uses its judgement to initially record and measure intangible assets acquired on acquisitions with key assumptions related to future revenue projections, gross margin forecasts, customer attrition rates and discount rates.

**Supporting information:**

| | Opening balance at January 1 2023 | Additions (Amortization) | Closing balance at December 31 2023 | Additions (Amortization) | Closing balance at December 31 2024 |
|---|---|---|---|---|---|
| Cost | $ 416,081 | $ 4,911[(1)] | $ 420,992 | $ 35,755[(1)] | **$ 456,747** |
| Amortization | (316,457) | (13,533) | (329,990) | (14,536) | **(344,526)** |
| Carrying amount | $ 99,624 | | $ 91,002 | | **$ 112,221** |

[(1)] *Includes $1.1 million (2023 – $(0.3) million) of exchange rate fluctuations on the intangible assets at HAUListic.*

## 13. Investments

| | December 31 2024 | December 31 2023 |
|---|---|---|
| Investments | **$ 1,714** | $ 1,027 |
| Investments – equity method | **42,502** | 42,174 |
| | **$ 44,216** | $ 43,201 |

(a) Investments

Mullen Group periodically invests in certain private and public corporations. Mullen Group did not purchase any investments in 2024 or 2023. During 2024, Mullen Group sold $70,000 of investments related to common shares it held in public companies that were listed on the TSX. During 2023, Mullen Group sold $1.8 million of investments related to common shares it held in public companies that were listed on the TSX.

(b) Investments accounted for by the equity method

In 2015 Mullen Group invested $1.0 million to acquire approximately a 32.0 percent equity interest in Butler Ridge, a fluid management company operating out of Hudson's Hope, British Columbia. Mullen Group made this equity investment as part of its strategy to invest in the energy sector in western Canada. On March 1, 2023, Mullen Group acquired all of the remaining issued and outstanding shares of Butler Ridge. ▶ **For more information, refer to Note 5**. In 2017, Mullen Group invested $0.2 million to acquire a 30.0 percent equity interest in Thrive Management Group Ltd. ("**Thrive**"), a fluid management company operating in the Grande Prairie, Alberta region. Mullen Group made this equity investment as part of its strategy to invest in the energy sector. In 2014, Mullen Group acquired a 30.0 percent interest in Kriska Transportation Group Limited ("**Kriska Transportation**"). Kriska Transportation is a growth oriented transportation and logistics company based in Prescott, Ontario. At December 31, 2024, the Corporation had a carrying value of $39.1 million (2023 – $39.1 million) related to its equity investment in Kriska Transportation. Mullen Group uses the equity method to account for investments from the date in which it obtains significant influence. In 2024, the aggregate amount of Mullen Group's share of net income and total comprehensive income from its investments accounted for by the equity method was $0.8 million (2023 – $2.3 million). In 2024, revenue and operating income before depreciation and amortization ("**OIBDA**") on the Corporation's equity investments was $329.2 million (2023 – $354.3 million) and $45.6 million (2023 – $55.3 million), respectively. ▶ **For more information, refer to Note 27.**

(Tabular amounts in thousands, except share and per share amounts)

## 14. Derivative Financial Instruments

On July 25, 2014, Mullen Group entered into two cross-currency swap contracts with a Canadian bank to swap $117.0 million U.S. dollars and $112.0 million U.S. dollars into Canadian dollars (collectively, the "**Cross-Currency Swaps**") at foreign exchange rates of $1.1047 and $1.1148 that matured on October 22, 2024 and mature on October 22, 2026, respectively. These Cross-Currency Swaps hedge the principal amount of the Series G and Series H Notes. At December 31, 2024, the carrying value of these Cross-Currency Swaps (including the current portion) was $30.6 million (2023 – $43.4 million) and was recorded in the consolidated statement of financial position within derivative financial instruments.

**Estimates:** Mullen Group utilizes Derivatives such as Cross-Currency Swaps to manage its exposure to foreign currency risks relating to its U.S. dollar debt. The fair value of Derivatives fluctuate depending on the estimate of certain underlying financial measures. The estimated fair value of Derivatives are based on observable market data, including foreign currency curves, interest rates and credit spreads.

**Policy:** Mullen Group classifies and measures financial assets and financial liabilities in accordance with IFRS 9 Financial Instruments.

**Supporting information:** For the year ended December 31, 2024, Mullen Group recorded a net foreign exchange loss (gain) of $6.3 million (2023 – $(4.2) million). This was due to the impact of the change over the period in the value of the Canadian dollar relative to the U.S. dollar on the Corporation's U.S. dollar debt and from the change in the fair value of its Cross-Currency Swaps as summarized in the table below:

| **Net Foreign Exchange Loss (Gain)** | **CDN. $ Equivalent** | | | |
|---|---|---|---|---|
| | **Years ended December 31** | | | |
| | | **2024** | | **2023** |
| Foreign exchange loss (gain) on U.S. $ debt | **$** | **25,801** | $ | (7,282) |
| Foreign exchange (gain) loss on Cross-Currency Swaps | | **(19,542)** | | 3,079 |
| Net foreign exchange loss (gain) | **$** | **6,259** | $ | (4,203) |

For the year ended December 31, 2024, Mullen Group recorded a foreign exchange loss (gain) on U.S. dollar debt of $25.8 million (2023 – $(7.3) million) as summarized in the table below:

| **Foreign Exchange Loss (Gain) on U.S. $ Debt** | **Years ended December 31** | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | | **2023** | | |
| ***($ thousands, except exchange rate amounts)*** | **U.S. $ Debt** | **Exchange Rate** | **CDN. $ Equivalent** | **U.S. $ Debt** | **Exchange Rate** | **CDN. $ Equivalent** |
| Beginning – January 1 | **229,000** | **1.3226** | **302,875** | 229,000 | 1.3544 | 310,157 |
| Add: Series N Notes | **75,000** | **1.3620** | **102,150** | — | — | — |
| Less: Repayment of Series G Notes | **(117,000)** | **1.3825** | **(161,752)** | — | — | — |
| Subtotal | **187,000** | | **243,273** | 229,000 | 1.3544 | 310,157 |
| Ending – December 31 | **187,000** | **1.4389** | **269,074** | 229,000 | 1.3226 | 302,875 |
| Unrealized foreign exchange loss (gain) on U.S. debt | | | **25,801** | | | (7,282) |

For the year ended December 31, 2024, Mullen Group recorded a foreign exchange gain (loss) on its Cross-Currency Swaps of $(19.5) million (2023 – $3.1 million). This was due to the change over the period in the fair value of these Cross-Currency Swaps as summarized in the table below:

| **Foreign Exchange (Gain) Loss on Cross-Currency Swaps** | **Years ended December 31** | | | |
|---|---|---|---|---|
| | **2024** | | **2023** | |
| | **U.S. $ Swaps** | **CDN. $ Change in Fair Value of Swaps** | **U.S. $ Swaps** | **CDN. $ Change in Fair Value of Swaps** |
| Cross-Currency Swap matured October 22, 2024 | 117,000 | **(8,316)** | 117,000 | 1,668 |
| Cross-Currency Swap maturing October 22, 2026 | 112,000 | **(11,226)** | 112,000 | 1,411 |
| Foreign exchange gain (loss) on Cross-Currency Swaps | | **(19,542)** | | 3,079 |

(Tabular amounts in thousands, except share and per share amounts)

## 15. Accounts Payable and Accrued Liabilities

**Policy:** Accounts payable and accrued liabilities are obligations to pay for goods or services that have been purchased in the normal course of business and are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Accounts payable and accrued liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**Supporting information:**

| | | December 31 2024 | | December 31 2023 |
|---|---|---|---|---|
| Trade payables | **$** | **54,518** | $ | 55,165 |
| Amounts due to related parties | | **5** | | — |
| Non-trade payables and accrued liabilities | | **104,500** | | 96,015 |
| | **$** | **159,023** | $ | 151,180 |

## 16. Dividends Payable

For the year ended December 31, 2024, Mullen Group declared dividends totalling $0.77 per Common Share (2023 – $0.72 per Common Share). On December 11, 2023, Mullen Group announced its intention to pay annual dividends of $0.72 per Common Share ($0.06 per Common Share on a monthly basis) for 2024. On July 25, 2024, Mullen Group announced an increase to the monthly dividend from $0.06 to $0.07 per share effective as of the next regular dividend payment, which was payable on September 16, 2024. At December 31, 2024, Mullen Group had 87,670,314 Common Shares outstanding and a dividend payable of $6.1 million (December 31, 2023 – $5.3 million), which was paid on January 15, 2025. Mullen Group also declared a dividend of $0.07 per Common Share on January 23, 2025, to the holders of record at the close of business on January 31, 2025.

## 17. Income Taxes

**Estimates:** The realization of deferred tax assets depends on the future taxable income of the respective Mullen Group subsidiaries. The continued recognition of deferred tax assets is based on estimates of internal projections of future earnings, tax deductions and anticipated income tax rates.

**Policy:** Income tax expense for the period consists of current and deferred tax. Tax is recognized in net income, except to the extent that it relates to a business combination or items recognized in other comprehensive income or directly in equity.

Taxable income differs from net income as reported in the consolidated statement of comprehensive income. As a result, current tax is the expected tax due on taxable income less adjustments to prior periods using tax rates enacted, or substantively enacted as at the reporting date in jurisdictions where Mullen Group operates.

In general, deferred income taxes are recognized based on temporary differences arising between the tax value of assets and liabilities and their carrying amounts in the Annual Financial Statements. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill and are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income. Deferred income taxes are calculated on the basis of the tax laws enacted or substantively enacted as at the reporting date and apply to when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent it is probable that future taxable income will be generated and available to use against the deductible temporary differences, unused tax losses and unused tax credits. Current and deferred income tax assets and liabilities are offset when there is a legally enforceable right to settle on a net basis and when such assets and liabilities relate to income taxes imposed by the same taxation authority.

The provision for income tax expense differs from the amounts that would be obtained by applying the expected Canadian statutory tax rates enacted or substantively enacted as at the respective reporting dates.

(Tabular amounts in thousands, except share and per share amounts)

**Supporting information:**

Deferred tax assets totalling $7.1 million (2023 – $7.3 million) consist mainly of the temporary differences arising from the purchase of goodwill on asset acquisitions, intangible assets, right-of-use assets and from loss carry forward balances. Recognized deferred tax assets and liabilities consist of the following:

| December 31, 2024 | Assets | Liabilities | Net |
|---|---|---|---|
| **Property, plant and equipment** | **$ 2** | **$ (116,304)** | **$ (116,302)** |
| **Goodwill – asset acquisitions** | **4,170** | **(1,134)** | **3,036** |
| **Intangible assets** | **1,781** | **(23,755)** | **(21,974)** |
| **Investments** | **—** | **(4,509)** | **(4,509)** |
| **Loss carry-forwards** | **344** | **—** | **344** |
| **Financing fees** | **—** | **(387)** | **(387)** |
| **Holdbacks and deferred interest** | **106** | **(107)** | **(1)** |
| **Debentures** | **—** | **(729)** | **(729)** |
| **Right-of-use assets** | **739** | **—** | **739** |
| | **$ 7,142** | **$ (146,925)** | **$ (139,783)** |

| December 31, 2023 | Assets | Liabilities | Net |
|---|---|---|---|
| Property, plant and equipment | $ 4 | $ (115,377) | $ (115,373) |
| Goodwill – asset acquisitions | 4,467 | (1,010) | 3,457 |
| Intangible assets | 1,799 | (18,137) | (16,338) |
| Investments | — | (4,254) | (4,254) |
| Loss carry-forwards | 579 | — | 579 |
| Financing fees | — | (435) | (435) |
| Holdbacks and deferred interest | 13 | (277) | (264) |
| Debentures | — | (1,109) | (1,109) |
| Unrealized foreign exchange (gain) loss | — | (246) | (246) |
| Right-of-use-assets | 423 | (29) | 394 |
| | $ 7,285 | $ (140,874) | $ (133,589) |

The analysis of the components of net deferred tax is as follows:

| | Years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Deferred tax to be settled within 12 months | **$ (7,462)** | $ (6,979) |
| Deferred tax to be settled after more than 12 months | **(132,321)** | (126,610) |
| | **$ (139,783)** | $ (133,589) |

(Tabular amounts in thousands, except share and per share amounts)

The following tables summarize the movement of temporary differences during the period:

| | Balance January 1 2024 | Recognized in net income | Acquired in business combinations | Recognized directly in equity | Balance December 31 2024 |
|---|---|---|---|---|---|
| Property, plant and equipment | **$ (115,373)** | **$ 2,657** | **$ (3,586)** | **$ —** | **$ (116,302)** |
| Goodwill – asset acquisitions | **3,457** | **(421)** | **—** | **—** | **3,036** |
| Intangible assets | **(16,338)** | **3,005** | **(8,641)** | **—** | **(21,974)** |
| Investments | **(4,254)** | **(255)** | **—** | **—** | **(4,509)** |
| Loss carry-forwards | **579** | **(235)** | **—** | **—** | **344** |
| Financing fees | **(435)** | **48** | **—** | **—** | **(387)** |
| Holdbacks and deferred interest | **(264)** | **263** | **—** | **—** | **(1)** |
| Debentures | **(1,109)** | **380** | **—** | **—** | **(729)** |
| Unrealized foreign exchange loss (gain) | **(246)** | **246** | **—** | **—** | **—** |
| Right-of-use assets | **394** | **345** | **—** | **—** | **739** |
| | **$ (133,589)** | **$ 6,033** | **$ (12,227)** | **$ —** | **$ (139,783)** |

| | Balance January 1 2023 | Recognized in net income | Acquired in business combinations | Recognized directly in equity | Balance December 31 2023 |
|---|---|---|---|---|---|
| Property, plant and equipment | $ (106,783) | $ (2,222) | $ (6,368) | $ — | $ (115,373) |
| Goodwill – asset acquisitions | 3,936 | (479) | — | — | 3,457 |
| Intangible assets | (17,864) | 2,856 | (1,330) | — | (16,338) |
| Investments | (3,294) | (960) | — | — | (4,254) |
| Loss carry-forwards | 390 | 189 | — | — | 579 |
| Financing fees | (397) | (38) | — | — | (435) |
| Holdbacks and deferred interest | (266) | 2 | — | — | (264) |
| Debentures | (1,490) | 381 | — | — | (1,109) |
| Unrealized foreign exchange loss (gain) | — | (246) | — | — | (246) |
| Right-of-use-assets | (453) | 847 | — | — | 394 |
| | $ (126,221) | $ 330 | $ (7,698) | $ — | $ (133,589) |

Income tax expense of $41.5 million (2023 – $46.4 million) is comprised of current and deferred tax as follows:

| | Years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Current | **$ 47,512** | $ 46,756 |
| Deferred | **(6,007)** | (335) |
| | **$ 41,505** | $ 46,421 |

(Tabular amounts in thousands, except share and per share amounts)

The combined statutory tax rate was approximately 25.0 percent in 2024 (2023 – 25.0 percent). The reconciliation of the effective tax rate is as follows:

| | Years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Income before income taxes | **$ 153,766** | $ 183,140 |
| Combined statutory tax rate | **25%** | 25% |
| Expected income tax | **38,441** | 45,785 |
| Add (deduct): | | |
| Non-deductible (taxable) portion of net foreign exchange (gain) loss | **720** | (483) |
| Non-deductible (taxable) portion of the change in fair value of investments | **(79)** | 30 |
| Stock-based compensation expense | **210** | 243 |
| Changes in unrecognized deferred tax asset | **707** | 1,399 |
| Other | **1,506** | (553) |
| Income tax expense | **$ 41,505** | $ 46,421 |

## 18. Lease Liabilities

**Estimates:** The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Mullen Group's incremental borrowing rate. Generally, Mullen Group uses its incremental borrowing rate as the discount rate, which is estimated at the inception of the lease or lease liabilities, which are measured at the present value of the remaining lease payments, discounted at the interest rate implicit in the lease agreement. Mullen Group's incremental borrowing rate is estimated using prevailing interest rates, market precedents and Mullen Group's credit rating.

**Judgements:** Mullen Group assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether Mullen Group obtains substantially all the economic benefits from the use of that asset, and whether Mullen Group has the right to direct the use of the asset. Furthermore, Mullen Group assesses and reassesses the likelihood of it exercising renewal options.

**Policy:** The Corporation has recognized lease liabilities in relation to leases. Mullen Group assesses whether a contract is or contains a lease at inception of the contract. As lease liabilities are recognized, there is a corresponding right-of-use asset recorded at the date of which the asset becomes available for use. As lease payments are made there is a reduction to the principal portion of the lease liability as well as an amount allocated to finance costs. Finance costs are expensed within the consolidated statement of comprehensive income over the lease term. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. The Corporation uses a single discount rate for a portfolio of leases with reasonably similar characteristics. ▶ **For more information, refer to Note 10.**

(Tabular amounts in thousands, except share and per share amounts)

**Supporting information:**

| | | Year ended December 31, 2024 |
|---|---|---|
| Beginning – January 1, 2024 | $ | **98,404** |
| Additions(1) | | **170,913** |
| Disposals | | **(1,741)** |
| Lease payments | | **(45,792)** |
| Interest expense | | **5,989** |
| Ending balance – December 31, 2024 | | **227,773** |
| Less: | | |
| Lease liabilities – current portion | | **43,433** |
| Lease liabilities | $ | **184,340** |

| | | Year ended December 31, 2023 |
|---|---|---|
| Beginning – January 1, 2023 | $ | 91,863 |
| Additions(1) | | 34,852 |
| Disposals | | (225) |
| Lease payments | | (31,389) |
| Interest expense | | 3,303 |
| Ending balance – December 31, 2023 | | 98,404 |
| Less: | | |
| Lease liabilities – current portion | | 25,578 |
| Lease liabilities | $ | 72,826 |

(1) *Additions include lease liabilities (current and long-term) assumed by way of business acquisitions of $146.5 million (2023 - $9.5 million).*

The following are the contractual maturities of lease liabilities, including the value of any options to extend a lease where Mullen Group is reasonably certain to do so:

| | | December 31, 2024 |
|---|---|---|
| Twelve months or less | $ | **49,408** |
| 2026 – 2027 | | **81,849** |
| 2028 – 2029 | | **49,739** |
| Thereafter | | **76,478** |
| Contractual cash flows | $ | **257,474** |
| Carrying amount | $ | **227,773** |

Mullen Group's lease liabilities mainly relate to real property leases that are utilized by the Business Units within their operations. Certain Business Units have also entered into leases pertaining to various pieces of operating equipment including rail cars, trucks and trailers. Leases are entered into and terminated when they meet specific business requirements. The Corporation has recognized these lease liabilities, which are measured at the present value of the remaining lease payments at an average incremental borrowing rate of 3.2 percent, unless there is an interest rate implicit in the lease agreement.

For the year ended December 31, 2024, Mullen Group incurred variable lease payments, short-term and low dollar value lease expense of $9.6 million (2023 – $5.3 million), $3.2 million (2023 – $3.5 million) and $304,764 (2023 – $26,744), respectively. The Corporation also recognized $6,904 (2023 – $8,012) of sublease income during the period.

### 19. Convertible Unsecured Subordinated Debentures

In June 2019, Mullen Group issued Debentures at a price of $1,000 per Debenture. The Debentures mature on November 30, 2026 and are publicly-traded and listed on the TSX under the symbol 'MTL.DB'. The Debentures bear interest at a rate of 5.75% per annum, payable semi-annually in arrears on May 31 and November 30 of each year, with the first interest payment on November 30, 2019. Mullen Group may elect to satisfy its interest obligation on any interest payment date by issuing and delivering, subject to regulatory approval, Common Shares to debenture holders. The conversion price of the Debentures is subject to the adjustment per the Debentures agreement. As of December 31, 2024, the conversion price of the Debentures was $13.71. Each $1,000 Debenture is now convertible into 72.9395 Common Shares of Mullen Group or an aggregate of 9,117,438 Common Shares if all holders convert their principal amount. As at the date of issuance, an aggregate of 8,928,575 Common Shares would be issued if all holders converted their principal amount. In the event that a holder of the Debentures exercises their conversion right, such holder will be entitled to receive accrued and unpaid interest, in addition to the applicable number of Common Shares to be received on conversion, for the period from the date of the last interest payment to the date of conversion.

(Tabular amounts in thousands, except share and per share amounts)

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

The Debentures are comprised of both a debt and equity component. The debt component represents the total discounted present value of both the semi-annual interest obligations and the principal payment due at maturity, using the rate of interest that would have been applicable to a non-convertible debt instrument of comparable term and risk at the date of issue. In the event the Debentures are converted prior to maturity, the difference between the carrying amount of such Debentures and their face value would be charged to interest expense. The remaining equity component of the Debentures represents the difference between the face value of the Debentures (namely, $125.0 million) and the accounting value assigned to the debt component of the Debentures at the date of issue (namely, $112.6 million). Subject to the impact of the Debentures being converted, this equity component amount will remain constant over the term of the Debentures. Upon conversion of the Debentures into common shares, a proportionate amount of both the debt and equity components are transferred to Shareholders' capital. Accretion and interest expense on the Debentures are reflected as finance costs in the consolidated statement of comprehensive income.

The transaction costs associated with the Debentures were $5.2 million and are being amortized over the term of the Debentures. If the holders of the Debentures convert the principal portion to Common Shares prior to maturity, the unamortized transaction costs would be expensed at that time.

As subordinated debt, the accounting value assigned to the Debentures including any related interest expense is excluded from our financial covenant calculations under our 2014 Notes.

The details of the Debentures are as follows:

| | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|
| Year of Maturity | Interest Rate | Face Value | Carrying Amount | Face Value | Carrying Amount |
| 2026 | 5.75% | **$ 125,000** | **$ 120,501** | $ 125,000 | $ 118,153 |

The cumulative carrying amount of the Debentures is as follows:

| | Cumulative as at | |
|---|---|---|
| | December 31, 2024 | December 31, 2023 |
| Proceeds from issue of the Debentures | **$ 125,000** | $ 125,000 |
| Debt issuance costs | **(5,203)** | (5,203) |
| Net proceeds | **119,797** | 119,797 |
| Amount classified as equity | **(12,403)** | (12,403) |
| Accretion on debt | **13,107** | 10,759 |
| Carrying amount of the Debentures | **$ 120,501** | $ 118,153 |

## 20. Long-Term Debt and Bank Credit Facilities

Mullen Group's long-term debt is mainly comprised of Private Placement Debt, the details of the notes issued in 2014 (collectively, the "**2014 Notes**") are set forth below:

| Notes | Principal amount | Maturity | Interest Rate(1) |
|---|---|---|---|
| Series G | $ 117,000 U.S. | October 22, 2024(2) | 3.84% |
| Series H | $ 112,000 U.S. | October 22, 2026 | 3.94% |
| Series I | $ 30,000 CDN. | October 22, 2024(2) | 3.88% |
| Series J | $ 3,000 CDN. | October 22, 2026 | 4.00% |
| Series K | $ 58,000 CDN. | October 22, 2024(2) | 3.95% |
| Series L | $ 80,000 CDN. | October 22, 2026 | 4.07% |

(1) *Interest is payable semi-annually.*
(2) *On October 22, 2024, Mullen Group used approximately $217.2 million of cash to repay these notes.*

Mullen Group has certain financial covenants that must be met under its secured 2014 Notes, which include a total net debt to operating cash flow ratio and a total earnings available for fixed charges to total fixed charges ratio. Mullen Group's total net debt cannot exceed 3.5 times operating cash flow calculated using the trailing twelve months financial results normalized for acquisitions. The term "**2014 total net debt**" is defined in the 2014 Notes agreement as all debt including the 2014 Notes, the 2024 Notes, lease liabilities, the New Bank Credit Facilities and letters of credit less any unrealized gain on Cross-Currency Swaps plus any unrealized loss on Cross-Currency Swaps, as disclosed within Derivatives on the consolidated statement of financial position. 2014 total net debt specifically excludes the Debentures. The term "**2014 operating cash flow**" is also defined in the 2014 Notes agreement and means, for any quarterly period, the trailing twelve month consolidated net income adjusted for all amounts deducted in the computation thereof on account of (i) taxes imposed on or measured by income or excess profits, (ii) depreciation and amortization taken during such period, (iii) total interest charges, including interest on the Debentures and lease liabilities; and (iv) non-cash charges. Mullen Group cannot have a fixed charge coverage ratio less than 1.75:1 calculated using the trailing twelve months financial results. Mullen Group is in compliance with all the 2014 Notes financial covenants.

Mullen Group entered into Cross-Currency Swaps to swap the principal amount of the Series G and Series H Notes into Canadian dollars at foreign exchange rates of $1.1047 and $1.1148 that matured on October 22, 2024 and mature on October 22, 2026, respectively. ▶ **For more information, refer to Note 14.**

On July 10, 2024, the Corporation closed a private placement (the "**Offering**") whereby it issued an aggregate principal amount of $300.0 million of Series M notes at 5.93 percent per annum and US $75.0 million of Series N notes at 6.5 percent per annum, (collectively, the "**2024 Notes**"). The 2024 Notes mature on July 10, 2034. Interest on the 2024 Notes accrue from the date of issuance and are payable semi-annually in arrears on June 7 and December 7, beginning on December 7, 2024. Mullen Group used a portion of the net proceeds from the 2024 Notes to repay certain notes that matured on October 22, 2024 related to its existing 2014 Notes. Mullen Group's unamortized debt issuance costs of $2.8 million related to its 2024 Notes have been netted against its carrying value.

Mullen Group has certain financial covenants that must be met under its 2024 Notes, which include a total net debt to operating cash flow ratio and a total fixed charges coverage ratio. Mullen Group's total net debt cannot exceed 3.5 times operating cash flow calculated using the trailing twelve months financial results normalized for acquisitions. The term "**2024 total net debt**" is defined in the 2024 Note agreement as all debt including the Debentures, the 2014 Notes, the 2024 Notes, lease liabilities associated with operating equipment, the New Bank Credit Facilities and letters of credit less any unrealized gain on Cross-Currency Swaps plus any unrealized loss on Cross-Currency Swaps, as disclosed within Derivatives on the consolidated statement of financial position. 2024 total net debt specifically excludes any real property lease liabilities. The term "**2024 operating cash flow**" is also defined in the 2024 Note agreement and means, for any quarterly period, the trailing twelve month consolidated net income adjusted for all amounts deducted in the computation thereof on account of (i) taxes imposed on or measured by income or excess profits, (ii) depreciation and amortization taken during such period, (iii) total interest charges, (iv) interest charges with respect to the Debentures; and (v) non-cash charges. Mullen Group cannot have a fixed charge coverage ratio less than 1.75:1 calculated using the trailing twelve months financial results. Mullen Group is in compliance with all the 2024 Note financial covenants.

Mullen Group's unamortized debt issuance costs of $2.9 million related to its Private Placement Debt have been netted against its carrying value at December 31, 2024 (December 31, 2023 – $0.3 million).

As at December 31, 2023, Mullen Group had two credit facilities to borrow an aggregate of up to $250.0 million. The $250.0 million of borrowing capacity comes from revolving demand credit facilities consisting of a $100.0 million credit facility (the "**CIBC Credit Facility**") with Canadian Imperial Bank of Commerce ("**CIBC**") and a $150.0 million credit facility (the "**RBC Credit Facility**") with Royal Bank of Canada. On January 5, 2024, Mullen Group entered into a $125.0 million credit facility (the "**PNC Credit Facility**") with PNC Bank Canada Branch. The CIBC Credit Facility, the RBC Credit Facility and the PNC Credit Facility, are collectively referred to as the "**Bank Credit Facilities"**. Interest on the RBC Credit Facility is payable monthly and is based on either the bank prime rate plus 0.50 percent or bankers' acceptance rates plus an acceptance fee of 1.50 percent. Interest on the CIBC Credit Facility is based on either the Canadian bank prime rate plus 0.50 percent or the U.S. bank base rate plus 0.50 percent in each case payable in arrears or bankers' acceptance rates plus an acceptable fee of 1.50 percent payable upon acceptance. Interest on the PNC Credit Facility is payable monthly and is based on either the Canadian bank prime rate plus 0.50 percent or the U.S. bank base rate plus 0.50 percent, in each case payable monthly in arrears or bankers' acceptance rates plus an acceptance fee of 1.50 percent payable upon acceptance.

In conjunction with the closing of the Offering, the Corporation entered into amended and restated credit facilities with the Bank Credit Facilities lending group (the "**Amended Bank Credit Facilities**") and entered into a new $125.0 million credit agreement with the Toronto-Dominion Bank (the "**TD Credit Facility**", and together with the Amended Bank Credit Facilities, the "**New Bank Credit Facilities**"). The New Bank Credit Facilities provide revolving demand credit and upsizes the borrowing capacity to the Corporation to an aggregate of $525.0 million, including increasing its borrowing capacity with CIBC from $100.0 million to $125.0 million. All material terms in the New Bank Credit Facilities are substantially similar to the terms under the Bank Credit Facilities and to each other. The New Bank Credit Facilities rank pari passu with the Private Placement Debt and are secured. As at December 31, 2024, there were no amounts drawn on the New Bank Credit Facilities. The New Bank Credit Facilities do not have any financial covenants, however, Mullen Group cannot be in default of its 2014 Notes, the 2024 Notes, and it must be in compliance with certain reporting and general covenants. Mullen Group is in compliance with all of these reporting and general covenants. The New Bank Credit Facilities are included within bank indebtedness on the consolidated statement of financial position.

The Private Placement Debt and the New Bank Credit Facilities are guaranteed by Mullen Group's subsidiaries, MT Investments Inc. ("**MT**") and MGL Holding Co. Ltd. (each, a "**Guarantor**") and secured by a first ranking charge over all present and after-acquired property of the Corporation and each Guarantor.

Mullen Group has 3.6 million of letters of credit outstanding, which were issued to guarantee certain performance and payment obligations. These letters of credit reduce the amount available under the RBC Credit Facility.

(Tabular amounts in thousands, except share and per share amounts)

The following table summarizes the Corporation's long-term debt, lease liabilities and New Bank Credit Facilities:

| | December 31, 2024 | December 31, 2023 |
|---|---|---|
| Current liabilities: | | |
| Private Placement Debt – current portion | **$ —** | $ 242,744 |
| Lease liabilities – current portion | **43,433** | 25,578 |
| Current portion of long-term debt | **25** | 852 |
| Bank indebtedness | **—** | 73,000 |
| | **43,458** | 342,174 |
| Non-current liabilities: | | |
| Private Placement Debt | **649,182** | 230,832 |
| Lease liabilities | **184,340** | 72,826 |
| Long-term debt | **75** | 99 |
| | **833,597** | 303,757 |
| | **$ 877,055** | $ 645,931 |

The following table summarizes the change in the Corporation's Private Placement Debt:

| | Years ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Beginning – January 1 | **$ 473,576** | $ 480,675 |
| Proceeds | **399,255** | — |
| Repayments | **(249,753)** | — |
| Foreign exchange loss (gain) | **25,801** | (7,282) |
| Amortization of debt issuance costs | **303** | 183 |
| Ending balance – December 31 | **$ 649,182** | $ 473,576 |

The details of total debt excluding the Debentures, as at the date hereof, are as follows:

| | | | December 31, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|---|
| | Year of Maturity | Interest Rate | Face Value | Carrying Amount | Face Value | Carrying Amount |
| | | | **$** | **$** | $ | $ |
| Bank indebtedness | — | Variable | **—** | **—** | 73,000 | 73,000 |
| Lease liabilities | 2025 – 2059 | 3.20% | **257,474** | **227,773** | 112,237 | 98,404 |
| 2014 Notes | 2026 | 3.84% - 4.07% | **244,157** | **244,015** | 473,876 | 473,576 |
| 2024 Notes | 2034 | 5.93% - 6.50% | **407,918** | **405,167** | — | — |
| Various financing loans | 2025 – 2027 | 0.0% - 5.99% | **100** | **100** | 951 | 951 |
| | | | **909,649** | **877,055** | 660,064 | 645,931 |

## 21. Share Capital

The authorized share capital of Mullen Group consists of an unlimited number of no par value Common Shares and an unlimited number of Preferred Shares, issuable in series.

The number of, and the specific rights, privileges, restrictions and conditions attaching to any series of Preferred Shares shall be determined by the Board of Directors (the "**Board**") of Mullen Group prior to the creation and issuance thereof. With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of Mullen Group, whether voluntarily or involuntarily, the Preferred Shares are entitled to preference over the Common Shares and any other shares ranking junior to the Preferred Shares from time to time and may also be given such other preferences over the Common Shares and any other shares ranking junior to the Preferred Shares as may be determined at the time of creation of such series. As at the date hereof, no series of Preferred Shares had been created.

(Tabular amounts in thousands, except share and per share amounts)

All of the issued Common Shares of Mullen Group have been paid in full.

| | # of Common Shares | |
|---|---|---|
| | **2024** | **2023** |
| Issued Common Shares at January 1 | **88,074,042** | 92,953,005 |
| Common Shares repurchased and cancelled | **(493,028)** | (4,936,143) |
| Stock Options exercised | **89,300** | — |
| Common Shares issued on acquisition | **—** | 57,180 |
| Issued Common Shares at December 31 | **87,670,314** | 88,074,042 |

Mullen Group had a normal course issuer bid ("**NCIB**"), commencing March 10, 2023, to purchase for cancellation up to 8,644,508 Common Shares in the open market on or before March 9, 2024. On March 7, 2024, Mullen Group announced the renewal of its NCIB commencing March 11, 2024, to purchase for cancellation up to 8,220,349 Common Shares in the open market on or before March 10, 2025. As at December 31, 2024, Mullen Group had purchased and cancelled 493,028 Common Shares for $6.5 million under its NCIB programs.

All purchases were made in accordance with the NCIB at prevalent market prices as permitted by the TSX, with consideration allocated to share capital up to the average carrying amount of the shares and any excess allocated to contributed surplus or retained earnings. The NCIB can be cancelled at the discretion of the Corporation at any time.

During 2024, Mullen Group issued 89,300 Common Shares on the exercise of stock options for cash proceeds of $0.9 million. In the first quarter of 2023, Mullen Group issued 57,180 Common Shares as partial consideration for the acquisition of Butler Ridge.

## 22. Earnings per Share

**Policy:** Basic per share amounts are calculated using the weighted average number of Common Shares outstanding during the period. Diluted per share amounts are calculated considering the effects of all dilutive potential ordinary shares. Mullen Group's dilutive potential ordinary shares assumes dilutive stock options are exercised and that the proceeds obtained on the exercise of dilutive stock options would be used to purchase Common Shares at the average market price during the period. The weighted average number of Common Shares outstanding is then adjusted accordingly.

**Supporting information:**

(a) Basic Earnings per Share

Basic earnings per share is calculated as net income attributable to common shareholders divided by the weighted average number of Common Shares outstanding for the period. Net income attributable to common shareholders for the year ended December 31, 2024, was $112.3 million (2023 – $136.7 million). The weighted average number of Common Shares outstanding for the years ended December 31, 2024 and 2023 was calculated as follows:

| | | Years ended December 31 | |
|---|---|---|---|
| | **Note** | **2024** | **2023** |
| Issued Common Shares at beginning of period | **21** | **88,074,042** | 92,953,005 |
| Effect of Common Shares repurchased and cancelled | **21** | **(269,608)** | (3,069,147) |
| Effect of Common Shares issued on acquisition | **5** | **—** | 47,937 |
| Effect of stock options exercised | **21** | **47,424** | — |
| Weighted average number of Common Shares at end of period – basic | | **87,851,858** | 89,931,795 |

(b) Diluted Earnings per Share

Diluted earnings per share is calculated by adjusting net income attributable to common shareholders and the basic weighted average number of Common Shares outstanding by the effects of all potentially dilutive transactions to existing common shareholders. In calculating diluted earnings per share, net income was adjusted as follows:

| | Years ended December 31 | | | |
|---|---|---|---|---|
| | | **2024** | | **2023** |
| Net income | **$** | **112,261** | $ | 136,719 |
| Effect of the Debentures | | **7,151** | | 7,151 |
| Net income – adjusted | **$** | **119,412** | $ | 143,870 |

(Tabular amounts in thousands, except share and per share amounts)

The diluted weighted average number of Common Shares was calculated as follows:

| | Years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Weighted average number of Common Shares – basic | **87,851,858** | 89,931,795 |
| Effect of "in the money" stock options | **256,995** | 239,539 |
| Effect of the Debentures | **9,117,438** | 8,928,571 |
| Weighted average number of Common Shares at end of period – diluted | **97,226,291** | 99,099,905 |

For the year ended December 31, 2024, 2,825,000 stock options (2023 – 2,757,500) were excluded from the diluted weighted average number of Common Shares calculation as their effect would have been anti-dilutive. The average market value of the Corporation's Common Shares for the purposes of calculating the dilutive effect of stock options was based on quoted market prices for the periods ended December 31, 2024 and 2023. For the years ended December 31, 2024 and 2023, the Common Shares that would be issued upon conversion of the Debentures were included in the diluted weighted average calculation as their effect was dilutive. ▶ **For more information on Debentures and stock options, refer to Notes 19 and 26, respectively.**

## 23. Revenue

**Policy:** Mullen Group's services are provided based upon orders and contracts with customers that include fixed or determinable prices and are based upon daily, hourly or contracted rates. Contract terms do not include the provision of post-service obligations. Mullen Group recognizes the amount of revenue to which it expects to be entitled for the transfer of promised services or goods to customers. Revenue is measured based on the consideration specified in a contract with a customer on either an "over time" or "point in time" basis.

Mullen Group's primary service offering is the transportation of goods. The transportation of goods involves the physical process of transporting commodities and goods from point of origin to destination using company equipment and contracted owner operators. Each individual Business Unit offers published rates or signed master service agreements with specific customers that dictate future services it is to perform for a customer at the time a bill of lading or service request is received. Each bill of lading represents a separate distinct performance obligation that the company is obligated to satisfy. The transaction price is generally in the form of a fixed fee determined at the inception of the bill of lading. Transportation services revenue is recognized using the "over time" method.

Mullen Group's second highest revenue stream is logistics services. Logistics services involves the planning, implementing, and controlling the efficient, effective forward and reverse transport of goods. These services are governed by contract law. Mullen Group uses Subcontractors to perform the work. Subcontractors have their own insurance and operating authorities. When Mullen Group hires a Subcontractor, it remains the primary obligor, has the ability to set prices, retains the risk of loss in the event of a cargo claim and bears the credit risk of customer default. As such, Mullen Group acts as the principal of the arrangement and recognize revenue on a gross basis. Logistics services revenue is recognized using the "point in time" method.

The business of Mullen Group is operated through its Business Units, which are divided into four distinct operating segments for reporting purposes – Less-Than-Truckload, Logistics & Warehousing, Specialized & Industrial Services and U.S. & International Logistics. The segments are differentiated by the type of service provided, equipment requirements and customer needs. Mullen Group provides the capital and financial expertise, technology and systems support, shared services and strategic planning (the "**Corporate Office**") for the Business Units. The Corporate Office also invests in certain public and private corporations. In addition, the Corporate Office, through its subsidiary MT, owns a network of real estate holdings and facilities that are leased primarily to the Business Units. Such properties are leased by MT to the Business Units on commercially reasonable terms. The day to day management of the Business Units is conducted at the subsidiary level.

At December 31, 2024, the Less-Than-Truckload segment consisted of 12 Business Units and is often referred to as the final or last mile delivery of general freight consisting of smaller shipments, packages and parcels. Through an extensive terminal network the pickup, handling and delivery of a wide range of freight including ambient, temperature controlled and consumer goods is coordinated from regional hubs located in Ontario and western Canada.

At December 31, 2024, the Logistics & Warehousing segment consisted of 11 Business Units and provides shippers throughout North America with a wide range of trucking and logistics service offerings including full truckload, specialized transportation, warehousing, fulfillment centres that handle e-commerce transactions, and transload facilities designed for intermodal and bulk shipments. Operations and customer service are supported by a robust suite of leading edge technology solutions including a fully integrated transportation management system, customized inventory management and warehouse systems along with our proprietary Moveitonline® and Haulistic™ technology platforms, applications that are positioning our organization for an evolving and changing supply chain.

At December 31, 2024, the Specialized & Industrial Services segment consisted of 17 Business Units and is comprised of a wide range of unique businesses providing specialized equipment and services to the oil and natural gas, environmental, construction, pipeline, utility, telecom and civil industries. Strategically located throughout western Canada, these specialty Business Units are focused on providing advanced technology solutions and leading edge service capabilities.

At December 31, 2024, the U.S. & International Logistics segment consisted of one Business Unit, being a global technology enabled, non-asset based third-party logistics service provider focused on freight brokerage services across multiple modes of transportation. The operations and customer service are provided through its proprietary transportation management system technology platform known as SilverExpress, which aligns customer shipments with transportation carriers.

(Tabular amounts in thousands, except share and per share amounts)

Disaggregation of revenue:

The following tables detail Mullen Group's revenue by type of service and timing of the transfer of goods or services by segment:

| **Year ended December 31, 2024** | **Less-Than-Truckload** | **Logistics & Warehousing** | **Specialized & Industrial Services** | **U.S. & International Logistics** | **Corporate** | **Intersegment eliminations** | **Total** |
|---|---|---|---|---|---|---|---|
| | **$** | **$** | **$** | | **$** | **$** | **$** |
| Revenue by service line | | | | | | | |
| Transportation | **740,015** | **355,337** | **203,123** | **—** | **—** | **—** | **1,298,475** |
| Logistics | **26,747** | **124,719** | **45,705** | **184,517** | **—** | **—** | **381,688** |
| Rental | **219** | **8,805** | **39,803** | **—** | **3,979** | **—** | **52,806** |
| Other | **4,411** | **122,867** | **173,915** | **—** | **453** | **—** | **301,646** |
| Eliminations | **(21,003)** | **(4,736)** | **(5,496)** | **—** | **—** | **(14,127)** | **(45,362)** |
| | **750,389** | **606,992** | **457,050** | **184,517** | **4,432** | **(14,127)** | **1,989,253** |
| Timing of revenue recognition | | | | | | | |
| Over time | **740,234** | **364,141** | **277,832** | **—** | **3,979** | **—** | **1,386,186** |
| Point in time | **31,158** | **247,587** | **184,714** | **184,517** | **453** | **—** | **648,429** |
| Eliminations | **(21,003)** | **(4,736)** | **(5,496)** | **—** | **—** | **(14,127)** | **(45,362)** |
| | **750,389** | **606,992** | **457,050** | **184,517** | **4,432** | **(14,127)** | **1,989,253** |

| **Year ended December 31, 2023** | **Less-Than-Truckload** | **Logistics & Warehousing** | **Specialized & Industrial Services** | **U.S. & International Logistics** | **Corporate** | **Intersegment eliminations** | **Total** |
|---|---|---|---|---|---|---|---|
| | **$** | **$** | **$** | | **$** | **$** | **$** |
| Revenue by service line | | | | | | | |
| Transportation | 756,212 | 345,834 | 222,691 | — | — | — | 1,324,737 |
| Logistics | 28,752 | 118,264 | 31,519 | 198,269 | — | — | 376,804 |
| Rental | 200 | 6,400 | 41,700 | — | 3,700 | — | 52,000 |
| Other | 5,215 | 98,454 | 176,492 | — | 1,780 | — | 281,941 |
| Eliminations | (19,933) | (4,003) | (4,422) | — | — | (12,403) | (40,761) |
| | 770,446 | 564,949 | 467,980 | 198,269 | 5,480 | (12,403) | 1,994,721 |
| Timing of revenue recognition | | | | | | | |
| Over time | 756,464 | 352,239 | 311,074 | — | 3,678 | — | 1,423,455 |
| Point in time | 33,915 | 216,713 | 161,328 | 198,269 | 1,802 | — | 612,027 |
| Eliminations | (19,933) | (4,003) | (4,422) | — | — | (12,403) | (40,761) |
| | 770,446 | 564,949 | 467,980 | 198,269 | 5,480 | (12,403) | 1,994,721 |

During the year, 93.1 percent of revenue was from the rendering of services, 4.2 percent of revenue was from the sale of goods and 2.7 percent was from construction contracts as compared to 92.1 percent, 4.4 percent, and 3.5 percent, respectively, for the year ended December 31, 2023.

(Tabular amounts in thousands, except share and per share amounts)

## 24. Personnel Costs

| | Years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Wages, salaries and benefits | **$ 542,066** | $ 523,929 |
| Stock-based compensation expense | **914** | 1,054 |
| | **$ 542,980** | $ 524,983 |

In 2024 personnel costs of $356.7 million (2023 – $347.7 million) were recognized within direct operating expenses and $186.3 million (2023 – $177.3 million) were recognized within selling and administrative expenses.

## 25. Finance Costs

| | Years ended December 31 | |
|---|---|---|
| | **2024** | **2023** |
| Interest expense on financial liabilities measured at amortized cost | **$ 45,665** | $ 35,318 |
| Accretion on debt | **2,650** | 2,531 |
| Finance expense | **48,315** | 37,849 |
| Less: Interest income from cash and cash equivalents | **(6,129)** | (794) |
| Finance costs | **$ 42,186** | $ 37,055 |

## 26. Share-Based Compensation Plans

Mullen Group is permitted to grant stock options to directors, officers, employees and consultants of Mullen Group or its affiliates under its stock option plan ("**Stock Option Plan**"). Options under the Stock Option Plan are normally granted at the weighted average trading price of the Common Shares of Mullen Group for the five consecutive trading days immediately preceding the day of grant of the stock option. Stock options vest in the manner determined by the Board at the time of the grant. The term of an option is five to ten years from the date of grant.

**Estimates:** Mullen Group estimates the fair value of its stock options using the Black-Scholes option pricing model. This requires the estimation of certain variables including: the expected risk-free interest rate, the expected life of the stock option, the forfeiture rate, the expected dividend yield of Mullen Group's Common Shares and expected share price volatility.

**Judgements:** The estimation of certain variables within the Black-Scholes model require judgement. The risk-free interest rates used were the Canadian Treasury zero-coupon rates for bonds matching the expected term of the option on the date of grant. In determining the expected term of the option grants, Mullen Group has observed the actual terms of prior grants with similar characteristics and the actual vesting schedule of the grant. The expected forfeiture rate was determined based on the Corporation's prior historical forfeiture rates on the date of grant. This estimate is adjusted to reflect the actual experience. The expected dividend yield of Mullen Group's Common Shares over the expected term of the option was determined based on the Corporation's dividend policy on the date of grant. The expected stock price volatility at the time of the particular stock option grant, Mullen Group relies on observations of historical volatility trends.

**Policy:** Mullen Group accounts for stock-based compensation using the fair-value method of valuing any stock options granted using the Black-Scholes model. Under the fair value method, the fair value of options is calculated at the date of grant and that value is recorded as compensation expense over the vesting periods of those grants, with a corresponding increase to contributed surplus less an estimated forfeiture rate. The forfeiture rate is based on past experience of actual forfeitures. When options are exercised, the proceeds received by Mullen Group, along with the amount in contributed surplus, will be credited to share capital.

**Supporting information:**

Mullen Group is authorized to issue 8,000,000 stock options. As such, 2,892,500 (2023 – 2,865,000) options are available to be issued under the Stock Option Plan as at December 31, 2024. Each stock option will entitle the option-holder to acquire one Common Share of Mullen Group. Under the Stock Option Plan, the exercise price of a stock option granted shall be as determined by the Board when the stock option is granted subject to any limitations imposed by any relevant stock exchange or regulatory authority, and shall be an amount at least equal to the weighted average trading price of the Common Shares of Mullen Group for the five consecutive trading days immediately preceding the day of grant of the stock option. These options vest in one to five years and expire in five to ten years.

(Tabular amounts in thousands, except share and per share amounts)

Volatility was determined on the basis of the daily closing prices over a historical period corresponding to the expected term of the options.

| **Stock Option Plan:** | **Options** | | **Weighted average exercise price** |
|---|---|---|---|
| Outstanding December 31, 2022 | 3,755,000 | $ | 16.47 |
| Granted | 507,500 | | 14.03 |
| Exercised | — | | — |
| Expired | (205,000) | | (24.26) |
| Forfeited | (155,000) | | (16.35) |
| Outstanding December 31, 2023 | 3,902,500 | $ | 15.74 |
| Granted | 325,000 | | 14.63 |
| Exercised | (89,300) | | (10.42) |
| Expired | (115,000) | | (27.78) |
| Forfeited | (237,500) | | (15.09) |
| Outstanding December 31, 2024 | **3,785,700** | $ | **15.48** |
| Stock options exercisable December 31, 2023 | 2,090,000 | $ | 18.86 |
| Stock options exercisable December 31, 2024 | **2,698,200** | **$** | **16.00** |

The range of exercise prices for options outstanding at December 31, 2024 was as follows:

| | **Options Outstanding** | | | | **Exercisable Options** | | |
|---|---|---|---|---|---|---|---|
| **Range of Exercise Prices** | **Number** | **Weighted average remaining contractual life (years)** | | **Weighted average exercise price** | **Number** | | **Weighted average exercise price** |
| $10.15 to $14.27 | 1,393,200 | 7.19 | $ | 11.87 | 835,700 | $ | 10.80 |
| $14.28 to $16.72 | 1,650,000 | 4.81 | | 16.14 | 1,120,000 | | 16.72 |
| $16.73 to $28.07 | 742,500 | 0.34 | | 20.77 | 742,500 | | 20.77 |
| $10.15 to $28.07 | 3,785,700 | 4.81 | $ | 15.48 | 2,698,200 | $ | 16.00 |

In 2024 there were 325,000 (2023 – 507,500) stock options issued. The following weighted average assumptions were used to determine the fair value of options issued in 2024 and 2023 under the Stock Option Plan on the date of grant:

| | **2024** | **2023** |
|---|---|---|
| Fair value | **$3.35** | **$3.33** |
| Risk-free interest rate | **3.00%** | **3.00%** |
| Expected life | **5 years** | **5 years** |
| Forfeiture rate | **5.0% per annum** | **5.0% per annum** |
| Expected dividend | **$0.84 per share per annum** | **$0.72 per share per annum** |
| Expected share price volatility | **37.6** | **38.3** |

## 27. Other (Income) Expense

| | | **2024** | | **2023** |
|---|---|---|---|---|
| Change in fair value of investments | **$** | **(675)** | $ | (310)[(1)] |
| Loss (gain) on sale of property, plant and equipment | | **517** | | (1,701) |
| Loss on fair value of equity investment | | **—** | | 562 |
| (Earnings) loss from equity investments | | **(779)** | | (2,270) |
| Accretion on decommissioning liabilities | | **23** | | 23 |
| Other (income) expense | **$** | **(914)** | $ | (3,696) |

*[(1)] During 2023, the Corporation recognized a $0.3 million gain on its investments. In 2023 the Corporation sold an investment realizing a $5.7 million cumulative loss on investments. The $5.7 million realized loss resulted from selling common shares of a public company that was listed on the TSX.*

▶ **For more information on the loss on fair value of equity investment, refer to Note 5.**

(Tabular amounts in thousands, except share and per share amounts)

## 28. Contingent Liabilities

Mullen Group is involved in various claims and actions arising in the course of its operations and is subject to various legal actions and possible claims. Although the outcome of these claims cannot be predicted with certainty, Mullen Group does not expect these matters to have a material adverse effect on its financial position, cash flows or results from operations. Accruals for litigation, claims and assessments are recognized if Mullen Group determines that the loss is probable and the amount can be reasonably estimated. If an unfavorable outcome were to occur, there exists the possibility of a material adverse impact on Mullen Group's consolidated net earnings in the period in which the outcome is determined.

## 29. Capital Commitments

Capital expenditures approved and committed to but not provided for in these accounts at December 31, 2024, amounted to $16.4 million. These capital expenditure commitments are expected to be completed in fiscal 2025.

## 30. Financial Instruments

Mullen Group's operating activities expose it to a variety of financial risks. These financial risks consist of certain credit, liquidity, and market risks associated with Mullen Group's financial assets and financial liabilities. Mullen Group has established and follows certain policies and procedures to mitigate these risks and continually monitors its exposure to all significant risks to assess the impact on its operating activities. Mullen Group does not hold or use any derivative financial instruments for trading or speculative purposes. The following details Mullen Group's exposure to credit, liquidity, and market risks.

(a) Credit Risk

Credit risk is the possibility of a financial loss to Mullen Group if a customer or counterparty to a financial asset fails to meet its contractual obligations. This risk arises predominately from Mullen Group's trade and other receivables from its customers. The carrying amount of financial assets represents Mullen Group's maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was as follows:

| Carrying amount | Note | | December 31 2024 | | December 31 2023 |
|---|---|---|---|---|---|
| Cash and cash equivalents | 6 | **$** | **126,286** | $ | 2,295 |
| Trade and other receivables | 7 | | **292,273** | | 278,011 |
| Derivative financial instruments | 14 | | **30,560** | | 43,357 |
| Other assets | | | **5,887** | | 2,335 |
| | | **$** | **455,006** | $ | 325,998 |

Credit risk related to trade and other receivables is initially managed by each Business Unit. Each Business Unit is responsible for reviewing the credit risk for each of their customers before standard payment and delivery terms and conditions are offered. The Business Units review consists of external ratings, when available, and in some cases bank and trade references. Management has established a credit policy under which new customers are analyzed for creditworthiness before Mullen Group extends credit. Mullen Group monitors its trade and other receivables aging on an ongoing basis as part of its process in managing its credit risk. Mullen Group also manages credit risk related to trade and other receivables on a consolidated basis whereby the aggregate exposure to individual customers is reviewed and their credit quality is assessed. In the unlikely event of default by its customers, Mullen Group secures a security interest for items in possession prior to commencing work and registers liens when appropriate. Further, the federal *Bill of Lading Act,* its provincial counterparts and various other acts afford Mullen Group further protection in the event of default. Mullen Group also attends industry forums to assess credit worthiness of customers related predominately to the oil and natural gas industry. No customer accounted for more than ten percent of Mullen Group's consolidated revenue for the fiscal years ended 2024 and 2023.

Impairment losses arise when trade receivables are written off directly against the financial asset, which results from customers who cannot pay their outstanding balance. In 2024 an impairment loss of $0.8 million (2023 – $0.8 million) was recognized which related to customers that were not able to pay their outstanding balances, mainly due to the customer having insufficient cash or other financial assets. During the period, the impairment loss as a percentage of consolidated revenue was an insignificant amount at 0.04 percent (2023 – 0.04 percent). Mullen Group establishes, on a specific account basis, an expected credit loss allowance that represents its estimate of potential losses in respect of trade receivables. ▶ **For more information, refer to Note 7**.

(b) Liquidity Risk

Liquidity risk is the risk that Mullen Group will not be able to satisfy its obligations associated with its financial liabilities that are to be settled by delivering cash as they become due. Mullen Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to satisfy its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Mullen Group's reputation. Typically, Mullen Group ensures that it has sufficient cash or available credit facilities to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Mullen Group manages liquidity risk by preparing, monitoring and approving annual operating budgets to ensure it has sufficient cash to meet operational requirements, and to ensure its ongoing compliance with its Private Placement Debt covenants. The Board also considers liquidity risk when approving Mullen Group's annual net capital expenditure budget and when declaring dividends to shareholders. Mullen Group's surplus cash is invested in short-term highly liquid term deposits. At December 31, 2024, Mullen Group had not drawn on its New Bank Credit Facilities.
▶ **For more information, refer to Note 20**.

(Tabular amounts in thousands, except share and per share amounts)

The following are the contractual maturities of financial liabilities, excluding the impact of any option to purchase equipment at the end of the term:

| December 31, 2024 | Carrying amount | Contractual cash flows | Twelve months or less | 2026 - 2027 | 2028-2029 | Thereafter |
|---|---|---|---|---|---|---|
| Private Placement Debt* | **$ 649,182** | **$ 652,075** | **$ —** | **$ 244,157** | **$ —** | **$ 407,918** |
| Interest on Private Placement Debt* | **3,518** | **253,919** | **34,530** | **57,470** | **49,609** | **112,310** |
| Debentures | **120,501** | **125,000** | **—** | **125,000** | **—** | **—** |
| Interest on the Debentures | **599** | **14,375** | **7,188** | **7,187** | **—** | **—** |
| Lease liabilities | **227,773** | **257,474** | **49,408** | **81,849** | **49,739** | **76,478** |
| Various financing loans | **100** | **100** | **25** | **37** | **8** | **30** |
| Accounts payable and accrued liabilities[(1)] | **154,906** | **154,906** | **154,906** | **—** | **—** | **—** |
| Dividends payable | **6,137** | **6,137** | **6,137** | **—** | **—** | **—** |
| Total | **$ 1,162,716** | **$ 1,463,986** | **$ 252,194** | **$ 515,700** | **$ 99,356** | **$ 596,736** |

* *Assumes a U.S. dollar foreign exchange rate of $1.4389.*

[(1)] *Accounts payable and accrued liabilities of $154,906 plus $3,518 of interest on Private Placement Debt and $599 of interest on the Debentures agrees to the $159,023 of accounts payable and accrued liabilities on the Consolidated Statement of Financial Position.*

| December 31, 2023 | Carrying amount | Contractual cash flows | Twelve months or less | 2025 - 2026 | 2027 - 2028 | Thereafter |
|---|---|---|---|---|---|---|
| Private Placement Debt* | $ 473,576 | $ 473,875 | $ 242,744 | $ 231,131 | $ — | $ — |
| Interest on Private Placement Debt* | 3,567 | 37,034 | 18,610 | 18,424 | — | — |
| Debentures | 118,153 | 125,000 | — | 125,000 | — | — |
| Interest on the Debentures | 599 | 21,563 | 7,188 | 14,375 | — | — |
| Lease liabilities | 98,404 | 112,237 | 27,807 | 39,718 | 17,408 | 27,304 |
| Various financing loans | 951 | 951 | 852 | 51 | 48 | — |
| Accounts payable and accrued liabilities[(1)] | 147,014 | 147,014 | 147,014 | — | — | — |
| Dividends payable | 5,284 | 5,284 | 5,284 | — | — | — |
| Total | $ 847,548 | $ 922,958 | $ 449,499 | $ 428,699 | $ 17,456 | $ 27,304 |

* *Assumes a U.S. dollar foreign exchange rate of $1.3226.*

[(1)] *Accounts payable and accrued liabilities of $147,014 plus $3,567 of interest on Private Placement Debt and $599 of interest on the Debentures agrees to the $151,180 of accounts payable and accrued liabilities on the Consolidated Statement of Financial Position.*

All of the above amounts relate to non-derivative financial instruments.

(c) Market Risk

Market risk is the potential for adverse changes associated with fluctuations in foreign exchanges rates, interest rates and equity prices and their corresponding impact on the fair value or future cash flows of Mullen Group's financial instruments. The objective of management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

*(i) Foreign Exchange Risk*

Foreign exchange risk arises as Mullen Group enters into commercial transactions that are not denominated in its functional currency. Mullen Group is exposed to foreign exchange risk, primarily with respect to the U.S. dollar which mainly arises from its U.S. $112.0 million Series H notes that mature in 2026. Mullen Group has mitigated its foreign exchange risk with respect to the principal portion of its Series H notes by entering into a Cross-Currency Swap. Mullen Group did not enter into a cross-currency swap on its Series N notes that mature in 2034 (U.S. $75.0 million). Annual interest of U.S. $9.3 million is payable on these U.S. notes which also exposes Mullen Group to foreign exchange risk. This foreign exchange risk is mitigated as some of Mullen Group's Business Units generate a portion of their revenue in U.S. dollars in excess of their U.S. dollar expenses. At December 31, 2024, Mullen Group had U.S. dollar cash of $87.7 million (2023 – $4.3 million), U.S. dollar trade receivables of $19.6 million (2023 – $22.1 million) and U.S. dollar accounts payable and accrued liabilities of $14.5 million (2023 – $14.6 million). Mullen Group does not hedge any of its U.S. dollar denominated commercial and financing transactions.

(Tabular amounts in thousands, except share and per share amounts)

All of the amounts expressed in the following table are in U.S. dollars and set forth Mullen Group's exposure to foreign currency risk:

| | December 31 2024 | December 31 2023 |
|---|---|---|
| Cash | **$ 87,711** | $ 4,315 |
| Trade and other receivables | **19,642** | 22,101 |
| Derivative financial instruments | **21,238** | 32,782 |
| Private Placement Debt | **(187,000)** | (229,000) |
| Accounts payable and accrued liabilities | **(14,528)** | (14,612) |
| Net exposure | **$ (72,937)** | $ (184,414) |

At December 31, 2024, assuming all other variables were held constant, a $0.01 strengthening of the Canadian dollar relative to the U.S. dollar would have increased income before income taxes by approximately $0.7 million. Similarly, a $0.01 weakening of the Canadian dollar relative to the U.S. dollar at December 31, 2024 would have had the equal but opposite effect on income before income taxes.

*(ii) Interest Rate Risk and Fair Value Sensitivity Analysis for Fixed Rate Instruments*

Interest rate risk arises on borrowings issued at variable rates which exposes risk to future cash flows if interest rates were to rise. This risk would be partially offset by cash held at variable rates. Mullen Group's Private Placement Debt and the Debentures are issued at fixed rates while the New Bank Credit Facilities are issued at variable rates. Borrowings issued at fixed rates expose Mullen Group to fair value interest rate risk. Mullen Group is susceptible to the opportunity costs associated with interest rate decreases as the interest rate on the majority of its borrowings are at fixed interest rates. Assuming all other variables were held constant, if interest rates increase by 1.0 percent on the contractual cash flows of $777.2 million of Mullen Group's Private Placement Debt and the Debentures, Mullen Group would incur additional annual interest expense of approximately $7.8 million. Mullen Group does not account for any fixed rate financial assets and liabilities at FVTPL. Mullen Group does not hedge interest rates or have any interest rate swaps.

*(iii) Price Risk*

Price risk arises from changes in quoted prices on investments in equity securities that impact the underlying value of investments. Mullen Group has an investment measured at fair value with an initial cost of $3.5 million. A $0.7 million increase in the fair value of this investment was recorded in 2024 as compared to a $0.2 million increase in 2023. Mullen Group recorded a $1.9 million decrease in the fair value of this investment on a cumulative basis. Assuming all other variables were held constant, a 1.0 percent increase in the value of this investment would have increased income before income taxes by approximately $35,000. Similarly, a 1.0 percent decrease in the value of investments would have an equal but opposite effect on income before income taxes.

(d) Capital Management

Mullen Group's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern, and manage capital that will maintain compliance with its financial covenants so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. Mullen Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Mullen Group may adjust the amount of dividends paid to shareholders, issue new debt, sell assets to reduce debt, or issue new shares.

(Tabular amounts in thousands, except share and per share amounts)

Consistent with others in the industry, Mullen Group also monitors capital on the basis of debt-to-equity and total debt to operating cash flow. The debt-to-equity ratio is calculated as total debt divided by equity. Total debt is calculated as the total of bank indebtedness, lease liabilities, current portion of long-term debt, long-term debt and the debt component of Debentures. Equity comprises all of the components of equity (i.e. share capital, Debentures – equity component, contributed surplus, accumulated other comprehensive income and retained earnings. Mullen Group's strategy is to maintain its debt-to-equity ratio below 1:1. The debt-to-equity ratio calculations at December 31, 2024 and at December 31, 2023 were as follows:

| | | **December 31 2024** | | December 31 2023 |
|---|---|---|---|---|
| Bank indebtedness | **$** | **—** | $ | 73,000 |
| Lease liabilities | | **227,773** | | 98,404 |
| Long-term debt | | **649,257** | | 230,931 |
| Debentures – debt component | | **120,501** | | 118,153 |
| Current portion of long-term debt | | **25** | | 243,596 |
| Total debt | | **997,556** | | 764,084 |
| | | | | |
| Share capital | | **797,814** | | 801,255 |
| Debentures – equity component | | **9,116** | | 9,116 |
| Contributed surplus | | **20,880** | | 20,141 |
| Accumulated other comprehensive income | | **4,283** | | 2,298 |
| Retained earnings | | **184,780** | | 142,074 |
| Equity | **$** | **1,016,873** | $ | 974,884 |
| Debt to equity | | **0.98:1** | | 0.78:1 |

Mullen Group also monitors capital on the basis of total debt to operating cash flow. The total debt to operating cash flow ratio is calculated as per the Private Placement Debt agreements. Other than the financial covenants under its Private Placement Debt, Mullen Group is not subject to externally imposed capital requirements. ▶ **For more information, refer to Note 20**.

## 31. Subsidiaries

The tables set forth below provide information relative to Mullen Group's significant subsidiaries and its Business Units, including each entity's name, its jurisdiction of incorporation/formation, the percentage of securities directly or indirectly owned by Mullen Group, a brief description of the entity, and the market areas served, if applicable. The percentages of ownership set forth below include the approximate one percent interest owned by the general partner of each limited partnership.

**Significant Subsidiaries:**

| Company (Jurisdiction of Incorporation / Formation) | Percentage owned by Mullen Group (directly / indirectly) | Overview | Primary Market Area |
|---|---|---|---|
| MT Investments Inc. (Alberta) | 100% | Wholly-owned subsidiary of Mullen Group Ltd. It was formed on July 1, 2005, when Mullen Transportation Inc. was amalgamated with certain other corporations pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta) to form a corporation known as MT Investments Inc. | N/A |
| MGL Holding Co. Ltd. (Alberta) | 100% | Wholly-owned subsidiary of MT Investments Inc., which was incorporated in Alberta on December 22, 2016. It is the limited partner of various Business Units. | N/A |

(Tabular amounts in thousands, except share and per share amounts)

| **Less-Than-Truckload Segment:** | | |
|---|---|---|
| **Business Unit (Jurisdiction of Incorporation / Formation)** | **Percentage owned by Mullen Group (indirectly)** | **Primary Market Area** |
| APPS Cargo Terminals Inc. [(1)]<br>(Canada) | 100% | Western Canada |
| APPS Cartage Inc.<br>(Ontario) | 100% | Western Canada |
| Argus Carriers Ltd.<br>(British Columbia) | 100% | Lower Mainland British Columbia |
| Gardewine Group Limited Partnership [(2)]<br>(Manitoba) | 100% | Manitoba and Ontario |
| Grimshaw Trucking L.P. [(3)]<br>(Alberta) | 100% | Northern Alberta |
| Hi-Way 9 Express Ltd. [(3)]<br>(Alberta) | 100% | Southern Alberta |
| Jay's Transportation Group Ltd.<br>(Saskatchewan) | 100% | Saskatchewan |
| Number 8 Freight Ltd.<br>(British Columbia) | 100% | Lower Mainland British Columbia |
| Pacific Coast Express Limited<br>(Alberta) | 100% | Western Canada |
| Pacific Northwest Moving (Yukon) Limited.[(4)]<br>(Yukon) | 100% | Yukon |
| West Direct Express Ltd.[(5)] [(6)]<br>(Alberta) | 100% | Alberta |
| Willy's Trucking Service<br>(Alberta) | 100% | Northern Alberta |

(1) *On January 1, 2023, the operations of 24/7 The Storehouse (2015) Ltd. were integrated into APPS Cargo Terminals Inc.*

(2) *On January 1, 2025, the operations of Westman Courier (acquired on October 1,2024) were integrated into Gardewine Group Limited Partnership.*

(3) *On January 1, 2024, the LTL operations of B. & R. Eckel's Transport Ltd. were integrated into the operations of Grimshaw Trucking L.P. and Hi-Way 9 Express Ltd.*

(4) *Acquired December 1, 2024.*

(5) *Formerly known as DirectIT Group of Companies.*

(6) *Includes Chariot Express Ltd. which was acquired on October 1, 2024.*

(Tabular amounts in thousands, except share and per share amounts)

**Logistics & Warehousing Segment:**

| **Business Unit (Jurisdiction of Incorporation / Formation)** | **Percentage owned by Mullen Group (indirectly)** | **Primary Market Area** |
|---|---|---|
| Bandstra Transportation Systems Ltd. (British Columbia) | 100% | British Columbia |
| Caneda Transport Ltd. (Alberta) | 100% | Canada and U.S. |
| Cascade Carriers L.P. (Alberta) | 100% | Western Canada |
| ContainerWorld Forwarding Services Inc.[(1)] (Canada) | 100% | British Columbia |
| DWS Logistics Inc. (Ontario) | 100% | Ontario |
| International Warehousing & Distribution Inc. (Ontario) | 100% | Ontario |
| Kleysen Group Ltd. (Alberta) | 100% | Western Canada |
| Mullen Trucking Corp. (Alberta) | 100% | Canada and U.S. |
| Payne Transportation Ltd. [(2)] (Alberta) | 100% | Canada and U.S. |
| Tenold Transportation Ltd. (Alberta) | 100% | Canada and U.S. |
| Tri Point Intermodal Services Inc. (Ontario) | 100% | Greater Toronto Area |

*(1)* *Acquired May 1, 2024*

*(2)* *On January 1, 2024, the operations of RDK Transportation Co. Inc. were integrated into Payne Transportation Ltd.*

(Tabular amounts in thousands, except share and per share amounts)

| Specialized & Industrial Services Segment: | | |
|---|---|---|
| **Business Unit (Jurisdiction of Incorporation / Formation)** | **Percentage owned by Mullen Group (indirectly)** | **Primary Market Area** |
| B. & R. Eckel's Transport Ltd.(1) (Alberta) | 100% | Northeastern Alberta |
| Babine Truck & Equipment Ltd. (British Columbia) | 100% | Western Canada |
| Butler Ridge Energy Services (2011) Ltd.(2) (British Columbia) | 100% | British Columbia |
| Canadian Dewatering L.P. (Alberta) | 100% | Western Canada |
| Cascade Energy Services L.P. (Alberta) | 100% | Western Canada |
| Cordova Oilfield Services Ltd. (British Columbia) | 100% | Western Canada |
| E-Can Oilfield Services L.P. (Alberta) | 100% | Western Canada |
| Envolve Energy Services Corp. (Alberta) | 100% | Western Canada |
| Formula Powell L.P. (Alberta) | 100% | Western Canada |
| Heavy Crude Hauling L.P (Alberta) | 100% | Western Canada |
| Mullen Oilfield Services L.P. (Alberta) | 100% | Western Canada |
| OK Drilling Services L.P. (Alberta) | 100% | Western Canada |
| Premay Equipment L.P. (Alberta) | 100% | Western Canada |
| Premay Pipeline Hauling L.P. (Alberta) | 100% | Western Canada |
| Smook Contractors Ltd. (Manitoba) | 100% | Northern Manitoba |
| Spearing Service L.P. (Alberta) | 100% | Western Canada |
| TREO Drilling Services L.P. (Alberta) | 100% | Western Canada |

(1) *Acquired May 1, 2023.*

(2) *Acquired March 1, 2023.*

| U.S. & International Logistics Segment: | | |
|---|---|---|
| **Business Unit (Jurisdiction of Incorporation / Formation)** | **Percentage owned by Mullen Group (indirectly)** | **Primary Market Area** |
| HAUListic LLC (Delaware) | 100% | Northern America |

(Tabular amounts in thousands, except share and per share amounts)

## 32. Changes in Non-Cash Working Capital

| | Years ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Trade and other receivables | **$ 12,194** | $ 28,845 |
| Inventory | **2,035** | (3,912) |
| Prepaid expenses | **3,228** | (2,138) |
| Accounts payable and accrued liabilities | **(15,896)** | (8,177) |
| | **$ 1,561** | $ 14,618 |

| | Years ended December 31 | |
|---|---|---|
| | 2024 | 2023 |
| Changes in non-cash working capital items from: | | |
| Operating activities | **$ 1,737** | $ 13,916 |
| Financing activities | **(37)** | (54) |
| Investing activities | **(139)** | 756 |
| | **$ 1,561** | $ 14,618 |

## 33. Operating Segments

**Judgements:** Judgements are made by management in applying the aggregation criteria to allow two or more operating segments to be aggregated based upon similar economic characteristics and other similarities.

**Policy:** Business Units are grouped into four distinct operating segments: Less-Than-Truckload segment, Logistics & Warehousing segment, Specialized & Industrial Services segment, and U.S. & International Logistics segment (the "**Operating Segments**"), all of which are supported by a Corporate segment. The Business Units within each of the Operating Segments share common economic characteristics and are differentiated by the type of service provided, equipment requirements and customer needs. The Operating Segments' financial results are reviewed regularly by the Corporation's chief operating decision-maker who makes decisions about resource allocation and assesses segment performance based on the internally prepared segment information.

**Supporting information:** Mullen Group reports its financial results in four operating segments. These four operating segments have been differentiated by the sector of the economy in which the businesses operate, the type of services provided, the equipment requirements and the customer needs. The Less-Than-Truckload segment provides final or last mile delivery of general freight consisting of smaller shipments, packages and parcels. Through an extensive terminal network the pickup, handling and delivery of a wide range of freight including ambient, temperature controlled and consumer goods is coordinated from regional hubs located in Ontario and western Canada. The Logistics & Warehousing segment provides shippers throughout North America with a wide range of trucking and logistics service offerings including full truckload, specialized transportation, warehousing, fulfillment centres that handle e-commerce transactions, and transload facilities designed for intermodal and bulk shipments. The Specialized & Industrial Services segment provides specialized equipment and services to the oil and natural gas, environmental, construction, pipeline, utility, telecom and civil industries. The U.S. & International Logistics segment provides third-party logistics services focused on freight brokerage across multiple modes of transportation.

(Tabular amounts in thousands, except share and per share amounts)

The following tables provide financial results by segment:

| Year ended December 31, 2024 | Less-Than-Truckload | Logistics & Warehousing | Specialized & Industrial Services | U.S. & International Logistics | Corporate | Intersegment eliminations Less-Than-Truckload | Intersegment eliminations Logistics & Warehousing | Intersegment eliminations Specialized & Industrial Services | Intersegment eliminations U.S. & International Logistics | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Revenue | **750,389** | **606,992** | **457,050** | **184,517** | **4,432** | **(5,025)** | **(4,936)** | **(4,166)** | **—** | **1,989,253** |
| Direct operating expenses | **503,998** | **406,677** | **321,117** | **168,673** | **(666)** | **(5,025)** | **(4,936)** | **(4,166)** | **—** | **1,385,672** |
| Selling and administrative expenses | **111,007** | **80,444** | **51,003** | **13,094** | **15,833** | **—** | **—** | **—** | **—** | **271,381** |
| Depreciation of property, plant and equipment | **23,841** | **15,277** | **27,156** | **—** | **7,084** | **—** | **—** | **—** | **—** | **73,358** |
| Amortization of intangible assets | **6,841** | **4,162** | **1,682** | **1,851** | **—** | **—** | **—** | **—** | **—** | **14,536** |
| Income (loss) before income taxes | **67,491** | **64,017** | **44,199** | **(1,317)** | **(20,624)** | **—** | **—** | **—** | **—** | **153,766** |
| Capital expenditures(1) | **28,978** | **21,129** | **16,561** | **—** | **6,375** | **(28)** | **(820)** | **(682)** | **—** | **71,513** |
| Total assets at December 31, 2024 | **599,298** | **560,517** | **395,044** | **67,304** | **710,325** | **—** | **—** | **—** | **—** | **2,332,488** |

(1) *Excludes business acquisitions.*

| Year ended December 31, 2023 | Less-Than-Truckload | Logistics & Warehousing | Specialized & Industrial Services | U.S. & International Logistics | Corporate | Intersegment eliminations Less-Than-Truckload | Intersegment eliminations Logistics & Warehousing | Intersegment eliminations Specialized & Industrial Services | Intersegment eliminations U.S. & International Logistics | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Revenue | 770,446 | 564,949 | 467,980 | 198,269 | 5,480 | (2,208) | (4,230) | (5,965) | — | 1,994,721 |
| Direct operating expenses | 525,491 | 384,951 | 327,744 | 180,217 | (1,044) | (2,208) | (4,230) | (5,965) | — | 1,404,956 |
| Selling and administrative expenses | 114,264 | 67,977 | 44,972 | 14,460 | 19,907 | — | — | — | — | 261,580 |
| Depreciation of property, plant and equipment | 22,966 | 14,622 | 27,579 | 1,011 | 7,045 | — | — | — | — | 73,223 |
| Amortization of intangible assets | 7,631 | 2,685 | 1,393 | 1,824 | — | — | — | — | — | 13,533 |
| Income (loss) before income taxes | 61,324 | 79,307 | 57,153 | (1,551) | (13,093) | — | — | — | — | 183,140 |
| Capital expenditures(1) | 49,387 | 22,410 | 24,344 | — | 12,688 | (6,426) | (264) | (541) | — | 101,598 |
| Total assets at December 31, 2023 | 566,671 | 386,003 | 422,594 | 65,024 | 601,370 | — | — | — | — | 2,041,662 |

(1) *Excludes business acquisitions.*

Performance is measured based on segment income before income tax, as included in the internal management reports that are reviewed by Mullen Group's Senior Executive Officer and President. Segment income is used to measure performance as management believes that such information is the most relevant in evaluating the results of segments relative to other entities that operate within these industries.

(Tabular amounts in thousands, except share and per share amounts)

The following geographical information is based upon the Business Unit's head office location for the years ended December 31, 2024 and 2023.

| 2024 | Revenue | Operating Income Before Depreciation and Amortization | Property, Plant and Equipment | Total Non-Current Assets | Total Assets |
|---|---|---|---|---|---|
| Canada | $ 1,804,736 | $ 329,450 | $ 1,046,150 | $ 1,790,686 | $ 2,265,184 |
| United States | 184,517 | 2,750 | — | 47,377 | 67,304 |
| Total | $ 1,989,253 | $ 332,200 | $ 1,046,150 | $ 1,838,063 | $ 2,332,488 |

| 2023 | Revenue | Operating Income Before Depreciation and Amortization | Property, Plant and Equipment | Total Non-Current Assets | Total Assets |
|---|---|---|---|---|---|
| Canada | $ 1,796,452 | $ 324,593 | $ 1,035,192 | $ 1,612,655 | $ 1,976,638 |
| United States | 198,269 | 3,592 | — | 45,756 | 65,024 |
| Total | $ 1,994,721 | $ 328,185 | $ 1,035,192 | $ 1,658,411 | $ 2,041,662 |

## 34. Related Party Disclosures

(a) Key Management Personnel Compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the business activities of Mullen Group, including all of its directors along with certain executives. Directors are remunerated for services rendered in their capacity as directors by way of a flat annual retainer fees. The overall compensation program for executives is comprised of base salary and benefits, annual profit share and share-based compensation payments. Executives of Mullen Group do not have formal employment contracts. Similar to the employment processes established for all Mullen Group employees, each executive's personnel file contains a memorandum outlining the basic terms of an executive's employment relationship with Mullen Group. Mullen Group has no agreement or arrangement with any executive for the payment of compensation in the case of resignation, retirement, or termination of employment, a change of control of Mullen Group or its Business Units or a change in an executive's responsibilities following a change of control. Key management personnel do not participate in a defined benefit or actuarial pension plan, however, key management personnel do participate in the Stock Option Plan. Total remuneration to key management personnel including directors' fees, salaries and benefits, annual profit share, and the value attributable to stock-based compensation expense was as follows: ▶ **For more information, refer to Note 26**.

| Category | Years Ended December 31 2024 | 2023 |
|---|---|---|
| Salaries and benefits (including profit share) | $ **2,207** | $ 2,258 |
| Share-based payments | **26** | 70 |
| Total | $ **2,233** | $ 2,328 |

Mullen Group had no outstanding amounts owing to or amounts receivable from directors or officers at December 31, 2024, and 2023, with respect to the overall compensation program for executives. As at December 31, 2024, directors and officers of Mullen Group collectively held 6,033,289 Common Shares (2023 – 5,812,839) representing 6.9 percent (2023 – 6.6 percent) of all Common Shares of the Corporation. As at December 31, 2024, directors and officers of Mullen Group held $4.9 million (2023 – $4.9 million) of Debentures under the same terms and conditions as those issued to unrelated third parties. The majority of the Debentures outstanding at December 31, 2024 were held by Murray K. Mullen ($4.4 million). Other than these $4.9 million of Debentures, Mullen Group has no contracts with its key management personnel.

(b) Related Party Transactions

During the year, Mullen Group did not generate revenue, incur expenses or recognize accounts receivable from any Board members having control or joint control over the other entities. During 2023, Mullen Group generated revenue of $1,337 and incurred expenses of $13,230 with entities that are related by virtue of David E. Mullen, a Board member having control or joint control over the other entities. There was $383 of accounts receivable amounts due from these related parties as at December 31, 2023.

During the year, Mullen Group generated revenue of $0.9 million (2023 – $6.6 million), incurred expenses of $0.1 million (2023 – $0.1 million) with its equity investees, which are accounted for by the equity method of accounting. As at December 31, 2024, there was nil (2023 – $1.2 million) of accounts receivable amounts due from equity investees.

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

## 35. Subsequent Event

On February 1, 2025, the President of the United States issued executive orders to impose new tariffs on goods being imported into the United States from Canada, Mexico and China. If implemented, these new tariffs could negatively impact the Canadian economy, consumer spending, inflation, the Canadian dollar and the Corporation's financial results.

# CORPORATE INFORMATION

## DIRECTORS | OFFICERS

**Murray K. Mullen**
Chair of the Board, Senior Executive Officer,
President and Director

**Sonia Tibbatts,** MBA
Lead Director

**Benoit Durand,** CFA, ICD.D
Director

**Laura Hartwell,** ICD.D
Director

**Stephen H. Lockwood,** LLB
Director

**Christine E. McGinley,** CPA, CA, ICD.D
Director

**Jamil Murji,** CFA
Director

**Richard Whitley,** FCPA, FCA
Director

**Richard J. Maloney**
Senior Operating Officer

**Joanna K. Scott**
Senior Corporate Officer

**Carson Urlacher,** CPA, CA
Senior Financial Officer

## CORPORATE OFFICE

**Mullen Group Ltd.**
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**Internet:** www.mullen-group.com
**Email:** IR@mullen-group.com

## BANKER

**The Royal Bank of Canada**
Calgary, Alberta

## AUDITORS

**PricewaterhouseCoopers LLP**
Calgary, Alberta

## STOCK EXCHANGE

**Toronto Stock Exchange**
Trading Symbol: MTL

## TRANSFER AGENT AND REGISTRAR

**Computershare Trust Company of Canada**
Toronto, Ontario
Telephone: 1-800-564-6253
Internet: www.investorcentre.com
Shareholder Inquiries:
www.investorcentre.com/service

## ONLINE INFORMATION

*To receive news releases by email,*
*or to review this report online,*
*please visit Mullen Group's website at*
***www.mullen-group.com**.*

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