

Covenant Logistics Group, Inc.
Key Financial and Operating Statistics

	Income Statement Data		
	Three Months Ended March 31,		
	2021	2020	% Change
(\$ in 000s, except per share data)			
Freight revenue	\$ 200,688	\$ 189,581	5.9%
Fuel surcharge revenue	20,201	21,232	(4.9%)
Total revenue	\$ 220,889	\$ 210,813	4.8%
Operating expenses:			
Salaries, wages, and related expenses	82,586	82,463	
Fuel expense	22,822	25,265	
Operations and maintenance	14,719	12,825	
Revenue equipment rentals and purchased transportation	57,236	46,062	
Operating taxes and licenses	2,585	3,454	
Insurance and claims	7,838	15,611	
Communications and utilities	1,247	1,569	
General supplies and expenses	8,183	8,359	
Depreciation and amortization	14,087	18,183	
Gain on disposition of property and equipment, net	(923)	(1,524)	
Total operating expenses	210,380	212,267	
Operating income (Loss)	10,509	(1,454)	
Interest expense, net	743	1,899	
Income (Loss) from equity method investment	2,960	(735)	
Income (Loss) from continuing operations before income taxes	12,726	(4,088)	
Income tax expense (Benefit)	4,145	(1,004)	
Income (loss) from continuing operations	8,581	(3,084)	
Income from discontinued operations, net of tax	2,559	871	
Net income (Loss)	\$ 11,140	\$ (2,213)	
Basic earnings (loss) per share			
Income (loss) from continuing operations	\$ 0.51	\$ (0.17)	
Income from discontinued operations	\$ 0.15	\$ 0.05	
Net income (Loss)	\$ 0.66	\$ (0.12)	
Diluted earnings (loss) per share			
Income (loss) from continuing operations	\$ 0.50	\$ (0.17)	
Income from discontinued operations	\$ 0.15	\$ 0.05	
Net income (Loss)	\$ 0.65	\$ (0.12)	
Basic weighted average shares outstanding (000s)	16,954	18,088	
Diluted weighted average shares outstanding (000s)	17,086	18,088	

	Segment Freight Revenues		
	Three Months Ended March 31,		
	2021	2020	% Change
(\$ in 000's)			
Expedited - Truckload	\$ 69,273	\$ 76,977	(10.0%)
Dedicated - Truckload	64,588	69,871	(7.6%)
Combined Truckload	133,861	146,848	(8.8%)
Managed Freight	51,397	30,737	67.2%
Warehousing	15,430	11,996	28.6%
Consolidated Freight Revenue	\$ 200,688	\$ 189,581	5.9%

	Truckload Operating Statistics		
	Three Months Ended March 31,		
	2021	2020	% Change
Average freight revenue per loaded mile	\$ 2.13	\$ 2.02	5.6%
Average freight revenue per total mile	\$ 1.91	\$ 1.84	4.1%
Average freight revenue per tractor per week	\$ 4,132	\$ 3,782	9.2%
Average miles per tractor per period	27,809	26,788	3.8%
Weighted avg. tractors for period	2,520	2,987	(15.6%)
Tractors at end of period	2,571	2,947	(12.8%)
Trailers at end of period	5,555	6,609	(15.9%)

	Selected Balance Sheet Data	
	3/31/2021	12/31/2020
	(\$ in '000's, except per share data)	
Total assets	\$ 647,082	\$ 676,716
Total stockholders' equity	\$ 296,657	\$ 290,642
Total indebtedness, net of cash	\$ 123,264	\$ 101,964
Net Indebtedness to Capitalization Ratio	29.3%	26.0%
Tangible book value per end-of-quarter basic share	\$ 13.77	\$ 12.97

Covenant Logistics Group, Inc.
Non-GAAP Reconciliation (Unaudited)
Adjusted Operating Income and Adjusted Operating Ratio ⁽¹⁾

<i>(Dollars in thousands)</i>	Three Months Ended March 31,		
	2021	2020	bps Change
GAAP Presentation			
Total revenue	\$220,889	\$210,813	
Total operating expenses	210,380	212,267	
Operating income (Loss)	\$10,509	(\$1,454)	
Operating ratio	95.2%	100.7%	(550)
Non-GAAP Presentation			
Total revenue	\$220,889	\$210,813	
Fuel surcharge revenue	(20,201)	(21,232)	
Freight revenue (Total revenue, excluding fuel surcharge)	200,688	189,581	
Total operating expenses	210,380	212,267	
Adjusted for:			
Fuel surcharge revenue	(20,201)	(21,232)	
Amortization of intangibles (2)	(1,152)	(731)	
Adjusted operating expenses	189,027	190,304	
Adjusted operating income	11,661	(723)	
Adjusted operating ratio	94.2%	100.4%	(620)

(1) Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP operating income and operating ratio to
(2) "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets.

Non-GAAP Reconciliation (Unaudited)
Adjusted Net Income and Adjusted EPS ⁽¹⁾

<i>(Dollars in thousands)</i>	Three Months Ended March 31,	
	2021	2020
GAAP Presentation - Net (loss) income		
	\$ 11,140	\$ (2,213)
Adjusted for:		
Amortization of intangibles (2)	1,152	731
Strategic restructuring adjusting items:		
Discontinued operations reversal of loss contingency (3)	(3,411)	-
Total adjustments before taxes	(2,259)	731
Provision for income tax expense at effective rate	699	(179)
Tax effected adjustments	\$ (1,560)	\$ 552
Non-GAAP Presentation - Adjusted net income	\$ 9,580	\$ (1,661)
GAAP Presentation - Diluted (loss) earnings per share ("EPS")		
	\$0.65	(\$0.12)
Adjusted for:		
Amortization of intangibles (2)	0.07	0.04
Strategic restructuring adjusting items:		
Discontinued operations reversal of loss contingency(3)	(0.20)	-
Total adjustments before taxes	(0.13)	0.04
Provision for income tax expense at effective rate	0.04	(0.01)
Tax effected adjustments	(\$0.09)	\$0.03
Non-GAAP Presentation - Adjusted EPS	\$0.56	(\$0.09)

(1) Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP net income to consolidated non-GAAP adjusted
(2) "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets.
(3) "Discontinued Operations reversal of loss contingency" reflects the non-cash reversal of a previously recorded loss contingency that is no longer considered probable. The original loss contingency was recorded in Q4 2020 as a result of our disposal of our former accounts receivable factoring segment, TFS.

Covenant Logistics Group, Inc.
Non-GAAP Reconciliation (Unaudited)
Adjusted Operating Income and Adjusted Operating Ratio ⁽¹⁾

(Dollars in thousands)

GAAP Presentation

	2021					2020				
	Expedited	Dedicated	Truckload	Managed Freight	Warehousing	Expedited	Dedicated	Truckload	Managed Freight	Warehousing
Total revenue	\$78,481	\$75,446	\$153,927	\$51,397	\$15,565	\$86,161	\$81,788	\$167,949	\$30,737	\$12,127
Total operating expenses	72,244	77,216	\$149,460	\$46,510	14,410	87,918	83,113	171,031	30,083	11,152
Operating income (loss)	<u>\$6,237</u>	<u>(\$1,770)</u>	<u>\$4,467</u>	<u>\$4,887</u>	<u>\$1,155</u>	<u>(\$1,757)</u>	<u>(\$1,325)</u>	<u>(\$3,082)</u>	<u>\$654</u>	<u>\$975</u>
Operating ratio	<u>92.1%</u>	<u>102.3%</u>	<u>97.1%</u>	<u>90.5%</u>	<u>92.6%</u>	<u>102.0%</u>	<u>101.6%</u>	<u>101.8%</u>	<u>97.9%</u>	<u>92.0%</u>

Non-GAAP Presentation

Total revenue	\$78,481	\$75,446	\$153,927	\$51,397	\$15,565	\$86,161	\$81,788	\$167,949	\$30,737	\$12,127
Fuel surcharge revenue	(9,208)	(10,858)	(20,066)	-	(135)	(9,184)	(11,917)	(21,101)	-	(132)
Freight revenue (total revenue, excluding fuel surcharge)	<u>69,273</u>	<u>64,588</u>	<u>133,861</u>	<u>51,397</u>	<u>15,430</u>	<u>76,977</u>	<u>69,871</u>	<u>146,848</u>	<u>30,737</u>	<u>11,995</u>
Total operating expenses	72,244	77,216	149,460	46,510	14,410	87,918	83,113	171,031	30,083	11,152
Adjusted for:										
Fuel surcharge revenue	(9,208)	(10,858)	(20,066)	-	(135)	(9,184)	(11,917)	(21,101)	-	(132)
Amortization of intangibles ⁽²⁾	-	(601)	(601)	(163)	(388)	-	(379)	(379)	(58)	(294)
Adjusted operating expenses	<u>63,036</u>	<u>65,757</u>	<u>128,793</u>	<u>46,347</u>	<u>13,887</u>	<u>78,734</u>	<u>70,817</u>	<u>149,551</u>	<u>30,025</u>	<u>10,726</u>
Adjusted operating income (loss)	<u>6,237</u>	<u>(1,169)</u>	<u>5,068</u>	<u>5,050</u>	<u>1,543</u>	<u>(1,757)</u>	<u>(946)</u>	<u>(2,703)</u>	<u>712</u>	<u>1,269</u>
Adjusted operating ratio	<u>91.0%</u>	<u>101.8%</u>	<u>96.2%</u>	<u>90.2%</u>	<u>90.0%</u>	<u>102.3%</u>	<u>101.4%</u>	<u>101.8%</u>	<u>97.7%</u>	<u>89.4%</u>

(1) Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP operating income and operating ratio to consolidated non-GAAP Adjusted operating income and Adjusted operating ratio.

(2) "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets.