

Covenant Logistics Group, Inc.
Key Financial and Operating Statistics

	Income Statement Data					
	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	% Change	2021	2020	% Change
(\$ in 000s, except per share data)						
Freight revenue	\$ 231,948	\$ 179,564	29.2%	\$ 432,636	\$ 369,145	17.2%
Fuel surcharge revenue	24,376	12,125	101.0%	44,577	33,357	33.6%
Total revenue	\$ 256,324	\$ 191,689	33.7%	\$ 477,213	\$ 402,502	18.6%
Operating expenses:						
Salaries, wages, and related expenses	88,477	74,688		171,062	157,152	
Fuel expense	26,372	15,938		49,194	41,202	
Operations and maintenance	14,294	12,218		29,013	25,044	
Revenue equipment rentals and purchased transportation	75,455	47,011		132,691	93,073	
Operating taxes and licenses	2,960	3,123		5,545	6,576	
Insurance and claims	9,577	11,562		17,415	27,174	
Communications and utilities	1,130	1,782		2,377	3,351	
General supplies and expenses	7,752	11,536		15,934	19,894	
Depreciation and amortization	13,863	19,663		27,951	37,846	
Gain on disposition of property and equipment, net	(1,888)	(3,451)		(2,812)	(4,975)	
Impairment of long lived property & equipment	-	26,569		-	26,569	
Total operating expenses	237,992	220,639		448,370	432,906	
Operating income (Loss)	18,332	(28,950)		28,843	(30,404)	
Interest expense, net	708	2,084		1,450	3,983	
Income (Loss) from equity method investment	3,382	530		6,342	205	
Income (Loss) from continuing operations before income taxes	21,006	(30,504)		33,735	(34,182)	
Income tax expense (Benefit)	5,570	(7,336)		9,716	(8,340)	
Income (Loss) from continuing operations	15,436	(23,168)		24,019	(25,842)	
Income from discontinued operations, net of tax	(19)	825		2,540	1,696	
Net income (Loss)	\$ 15,417	\$ (22,343)		\$ 26,559	\$ (24,146)	
Basic earnings (loss) per share						
Income (Loss) from continuing operations	\$ 0.92	\$ (1.36)		\$ 1.42	\$ (1.47)	
Income from discontinued operations	\$ (0.00)	\$ 0.05		\$ 0.15	\$ 0.10	
Net income (Loss)	\$ 0.92	\$ (1.31)		\$ 1.58	\$ (1.37)	
Diluted earnings (loss) per share						
Income (Loss) from continuing operations	\$ 0.91	\$ (1.36)		\$ 1.41	\$ (1.47)	
Income from discontinued operations	\$ (0.00)	\$ 0.05		\$ 0.15	\$ 0.10	
Net income (Loss)	\$ 0.91	\$ (1.31)		\$ 1.56	\$ (1.37)	
Basic weighted average shares outstanding (000s)	16,765	17,089		16,858	17,584	
Diluted weighted average shares outstanding (000s)	17,022	17,089		17,052	17,584	

Segment Freight Revenues

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	% Change	2021	2020	% Change
	(\$ in 000's)					
Expedited - Truckload	\$ 75,338	\$ 73,330	2.7%	\$ 144,609	\$ 150,308	(3.8%)
Dedicated - Truckload	69,687	60,378	15.4%	134,276	130,250	3.1%
Combined Truckload	145,025	133,708	8.5%	278,885	280,558	(0.6%)
Managed Freight	71,635	34,362	108.5%	123,032	65,099	89.0%
Warehousing	15,288	11,494	33.0%	30,719	23,489	30.8%
Consolidated Freight Revenue	\$ 231,948	\$ 179,564	29.2%	\$ 432,636	\$ 369,146	17.2%

Truckload Operating Statistics

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	% Change	2021	2020	% Change
	(\$ in 000's)					
Average freight revenue per loaded mile	\$ 2.24	\$ 2.03	10.1%	\$ 2.19	\$ 2.03	7.9%
Average freight revenue per total mile	\$ 2.00	\$ 1.83	9.6%	\$ 1.96	\$ 1.83	6.9%
Average freight revenue per tractor per week	\$ 4,551	\$ 3,647	24.8%	\$ 4,340	\$ 3,717	16.8%
Average miles per tractor per period	29,571	25,970	13.9%	57,367	52,787	8.7%
Weighted avg. tractors for period	2,451	2,820	(13.1%)	2,485	2,903	(14.4%)
Tractors at end of period	2,407	2,623	(8.2%)	2,407	2,623	(8.2%)
Trailers at end of period	5,314	6,662	(20.2%)	5,314	6,662	(20.2%)

Selected Balance Sheet Data

	6/30/2021	12/31/2020
(\$ in '000's, except per share data)		
Total assets	\$ 662,463	\$ 676,716
Total stockholders' equity	\$ 313,536	\$ 290,642
Total indebtedness, net of cash	\$ 88,068	\$ 101,964
Net Indebtedness to Capitalization Ratio	21.9%	26.0%
Tangible book value per end-of-quarter basic share	\$ 14.82	\$ 13.03

Covenant Logistics Group, Inc.
Non-GAAP Reconciliation (Unaudited)

Adjusted Operating Income and Adjusted Operating Ratio ⁽¹⁾

(Dollars in thousands)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	bps Change	2021	2020	bps Change
GAAP Presentation						
Total revenue	\$256,324	\$191,689		\$477,213	\$402,502	
Total operating expenses	237,992	220,639		448,370	432,906	
Operating income (loss)	\$18,332	(\$28,950)		\$28,843	(\$30,404)	
Operating ratio	92.8%	115.1%	(2,230)	94.0%	107.6%	(1,360)
Non-GAAP Presentation						
Total revenue	\$256,324	\$191,689		\$477,213	\$402,502	
Fuel surcharge revenue	(24,376)	(12,125)		(44,577)	(33,357)	
Freight revenue (total revenue, excluding fuel surcharge)	231,948	179,564		432,636	369,145	
Total operating expenses	237,992	220,639		448,370	432,906	
Adjusted for:						
Fuel surcharge revenue	(24,376)	(12,125)		(44,577)	(33,357)	
Amortization of intangibles ⁽²⁾	(1,152)	(2,062)		(2,304)	(2,793)	
Bad debt expense associated with customer bankruptcy and high credit risk customers	-	(2,617)		-	(2,617)	
Strategic restructuring adjusting items:						
Gain on disposal of terminals, net	-	5,712		-	5,712	
Impairment of real estate and related tangible assets	-	(9,790)		-	(9,790)	
Impairment of revenue equipment and related charges	-	(17,604)		-	(17,604)	
Restructuring related severance and other	-	(1,791)		-	(1,791)	
Abandonment of information technology infrastructure	-	(1,048)		-	(1,048)	
Contract exit costs and other restructuring	-	(695)		-	(695)	
Adjusted operating expenses	212,464	178,619		401,489	368,923	
Adjusted operating income	19,484	945		31,147	222	
Adjusted operating ratio	91.6%	99.5%	(790)	92.8%	99.9%	(710)

(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⁾

(Dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
GAAP Presentation - Net (loss) income	\$ 15,417	\$ (22,343)	\$ 26,559	\$ (24,146)
Adjusted for:				
Amortization of intangibles ⁽²⁾	1,152	2,062	2,304	2,793
Bad debt expense associated with customer bankruptcy and high credit risk customers	-	2,617	-	2,617
Strategic restructuring adjusting items:				
Discontinued operations reversal of loss contingency ⁽³⁾	-	-	(3,411)	-
Loss (gain) on disposal of terminals, net	-	(5,712)	-	(5,712)
Impairment of real estate and related tangible assets	-	9,790	-	9,790
Impairment of revenue equipment and related charges	-	17,604	-	17,604
Restructuring related severance and other	-	1,791	-	1,791
Abandonment of information technology infrastructure	-	1,048	-	1,048
Contract exit costs and other restructuring	-	695	-	695
Total adjustments before taxes	1,152	29,895	(1,107)	30,626
Provision for income tax expense at effective rate ⁽⁴⁾	(306)	(7,125)	319	(7,319)
Tax effected adjustments	\$ 846	\$ 22,770	\$ (788)	\$ 23,307
Non-GAAP Presentation - Adjusted net income	\$ 16,263	\$ 427	\$ 25,771	\$ (839)
GAAP Presentation - Diluted (loss) earnings per share ("EPS")	\$0.91	(\$1.31)	\$1.56	(\$1.37)
Adjusted for:				
Amortization of intangibles ⁽²⁾	0.07	0.12	0.14	0.16
Bad debt expense associated with customer bankruptcy and high credit risk customers	-	0.15	-	0.15
Strategic restructuring adjusting items:				
Discontinued operations reversal of loss contingency ⁽³⁾	-	-	(0.20)	-
Gain on sale of terminal, net	-	(0.33)	-	(0.32)
Impairment of real estate and related tangible assets	-	0.57	-	0.56
Impairment of revenue equipment and related charges	-	1.03	-	1.00
Restructuring related severance and other	-	0.10	-	0.10
Abandonment of information technology infrastructure	-	0.06	-	0.06
Contract exit costs and other restructuring	-	0.04	-	0.04
Total adjustments before taxes	0.07	1.75	(0.06)	1.75
Provision for income tax expense at effective rate ⁽⁴⁾	(0.02)	(0.42)	0.02	(0.42)
Tax effected adjustments	\$0.05	\$1.33	(\$0.04)	\$1.33
Non-GAAP Presentation - Adjusted EPS	\$0.96	\$0.02	\$1.52	(\$0.04)

⁽¹⁾ Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP net income to consolidated non-GAAP adjusted net income and consolidated GAAP diluted earnings per share to non-

⁽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	Combined Truckload	Managed Freight	Warehousing	Expedited	Dedicated	Combined Truckload	Managed Freight	Warehousing
Total revenue	\$87,369	\$81,868	\$169,237	\$71,635	\$15,452	\$79,778	\$65,940	\$145,718	\$34,362	\$11,609
Total operating expenses	77,144	82,059	\$159,203	\$64,319	14,470	92,622	79,117	171,739	37,973	10,927
Operating income (loss)	\$10,225	(\$191)	\$10,034	\$7,316	\$982	(\$12,844)	(\$13,177)	(\$26,021)	(\$3,611)	\$682
Operating ratio	88.3%	100.2%	94.1%	89.8%	93.6%	116.1%	120.0%	117.9%	110.5%	94.1%

Non-GAAP Presentation

	2021					2020				
	Expedited	Dedicated	Combined Truckload	Managed Freight	Warehousing	Expedited	Dedicated	Combined Truckload	Managed Freight	Warehousing
Total revenue	\$87,369	\$81,868	\$169,237	\$71,635	\$15,452	\$79,778	\$65,940	\$145,718	\$34,362	\$11,609
Fuel surcharge revenue	(12,031)	(12,181)	(24,212)	-	(164)	(6,448)	(5,562)	(12,010)	-	(115)
Freight revenue (total revenue, excluding fuel surcharge)	75,338	69,687	145,025	71,635	15,288	73,330	60,378	133,708	34,362	11,494
Total operating expenses	77,144	82,059	159,203	64,319	14,470	92,622	79,117	171,739	37,973	10,927
Adjusted for:										
Fuel surcharge revenue	(12,031)	(12,181)	(24,212)	-	(164)	(6,448)	(5,562)	(12,010)	-	(115)
Amortization of intangibles ⁽²⁾	-	(601)	(601)	(163)	(388)	-	(1,196)	(1,196)	(248)	(618)
Bad debt expense associated with customer bankruptcy and high credit risk customers	-	-	-	-	-	(1,009)	(830)	(1,839)	(778)	-
Strategic restructuring adjusting items:										
Insurance policy erosion	-	-	-	-	-	-	-	-	-	-
Gain on disposal of terminals, net	-	-	-	-	-	3,133	2,579	5,712	-	-
Impairment of real estate and related tangible assets	-	-	-	-	-	(452)	(373)	(825)	-	-
Impairment of revenue equipment and related charges	-	-	-	-	-	(13,345)	(10,988)	(24,333)	(2,236)	-
Restructuring related severance and other	-	-	-	-	-	(982)	(809)	(1,791)	-	-
Abandonment of information technology infrastructure	-	-	-	-	-	(575)	(473)	(1,048)	-	-
Contract exit costs and other restructuring	-	-	-	-	-	(381)	(314)	(695)	-	-
Adjusted operating expenses	65,113	69,277	134,390	64,156	13,918	72,563	61,151	133,714	34,711	10,194
Adjusted operating income (loss)	10,225	410	10,635	7,479	1,370	767	(773)	(6)	(349)	1,300
Adjusted operating ratio	86.4%	99.4%	92.7%	89.6%	91.0%	99.0%	101.3%	100.0%	101.0%	88.7%

Six Months Ended June 30,

GAAP Presentation

	2021					2020				
	Expedited	Dedicated	Combined Truckload	Managed Freight	Warehousing	Expedited	Dedicated	Combined Truckload	Managed Freight	Warehousing
Total revenue	\$165,849	\$157,314	\$323,163	\$123,032	\$31,018	\$165,938	\$147,728	\$313,666	\$65,099	\$23,737
Total operating expenses	149,413	\$159,304	\$308,717	\$110,771	\$28,882	\$180,334	\$162,446	\$342,780	\$68,045	\$22,081
Operating income (loss)	\$16,436	(\$1,990)	\$14,446	\$12,261	\$2,136	(\$14,396)	(\$14,718)	(\$29,114)	(\$2,946)	\$1,656
Operating ratio	90.1%	101.3%	95.5%	90.0%	93.1%	108.7%	110.0%	109.3%	104.5%	93.0%

Non-GAAP Presentation

	2021					2020				
	Expedited	Dedicated	Combined Truckload	Managed Freight	Warehousing	Expedited	Dedicated	Combined Truckload	Managed Freight	Warehousing
Total revenue	\$165,849	\$157,314	\$323,163	\$123,032	\$31,018	\$165,938	\$147,728	\$313,666	\$65,099	\$23,737
Fuel surcharge revenue	(21,240)	(23,038)	(\$44,278)	-	(299)	(15,630)	(17,478)	(33,108)	-	(248)
Freight revenue (total revenue, excluding fuel surcharge)	144,609	134,276	278,885	123,032	30,719	150,308	130,250	280,558	65,099	23,489
Total operating expenses	149,413	159,304	308,717	110,771	28,882	180,334	162,446	342,780	68,045	22,081
Adjusted for:										
Fuel surcharge revenue	(21,240)	(23,038)	(44,278)	-	(299)	(15,630)	(17,478)	(33,108)	-	(248)
Amortization of intangibles ⁽²⁾	-	(1,202)	(1,202)	(326)	(776)	-	(1,575)	(1,575)	(306)	(912)
Bad debt expense associated with customer bankruptcy and high credit risk customers	-	-	-	-	-	(985)	(854)	(1,839)	(778)	-
Strategic restructuring adjusting items:										
Insurance policy erosion	-	-	-	-	-	-	-	-	-	-
Gain on disposal of terminals, net	-	-	-	-	-	3,060	2,652	5,712	-	-
Impairment of real estate and related tangible assets	-	-	-	-	-	(442)	(383)	(825)	-	-
Impairment of revenue equipment and related charges	-	-	-	-	-	(13,036)	(11,297)	(24,333)	(2,236)	-
Restructuring related severance and other	-	-	-	-	-	(960)	(831)	(1,791)	-	-
Abandonment of information technology infrastructure	-	-	-	-	-	(561)	(487)	(1,048)	-	-
Contract exit costs and other restructuring	-	-	-	-	-	(372)	(323)	(695)	-	-
Adjusted operating expenses	128,173	135,064	263,237	110,445	27,807	151,408	131,870	283,278	64,725	20,921
Adjusted operating income (loss)	16,436	(788)	15,648	12,587	2,912	(1,100)	(1,620)	(2,720)	374	2,568
Adjusted operating ratio	88.6%	100.6%	94.4%	89.8%	90.5%	100.7%	101.2%	101.0%	99.4%	89.1%

⁽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.