

Covenant Logistics Group, Inc.
Key Financial and Operating Statistics

	<u>INCOME STATEMENT DATA</u>		<u>INCOME STATEMENT DATA</u>	
	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
(\$000s, except per share data)				
Freight revenue	\$179,564	\$192,659	\$369,145	\$386,573
Fuel surcharge revenue	12,125	24,381	33,357	47,800
Total revenue	\$191,689	\$217,040	\$402,502	\$434,373
Operating expenses:				
Salaries, wages, and related expenses	74,688	75,424	157,152	154,593
Fuel expense	15,938	29,215	41,202	57,047
Operations and maintenance	12,218	14,898	25,044	30,072
Revenue equipment rentals and purchased transportation	47,011	47,169	93,073	95,839
Operating taxes and licenses	3,123	3,365	6,576	6,549
Insurance and claims	11,562	10,471	27,174	21,705
Communications and utilities	1,782	1,760	3,351	3,478
General supplies and expenses	11,536	7,205	19,894	13,909
Depreciation and amortization	19,663	20,568	37,846	40,413
Gain on disposition of property and equipment, net	(3,451)	(65)	(4,975)	(208)
Impairment of long lived property & equipment	26,569	-	26,569	-
Total operating expenses	220,639	210,010	432,906	423,397
Operating (loss) income	(28,950)	7,030	(30,404)	10,976
Interest expense, net	2,084	1,978	3,983	3,850
(Income) loss from equity method investment	(530)	(2,375)	205	(5,410)
Income (loss) from continuing operations before income taxes	(30,504)	7,427	(34,592)	12,536
Income tax (benefit) expense	(7,336)	2,182	(8,340)	3,533
(Loss) income from continuing operations	(23,168)	5,245	(26,252)	9,003
Income from discontinued operations, net of tax	825	826	1,696	1,501
Net (loss) income	(\$22,343)	\$6,071	(\$24,556)	\$10,504

Basic & diluted earnings (loss) per share

(Loss) income from continuing operations	(\$1.36)	\$0.28	(\$1.49)	\$0.49
Income from discontinued operations	\$0.05	\$0.04	\$0.10	\$0.08
Net (loss) income	(\$1.31)	\$0.33	(\$1.40)	\$0.57
Basic weighted average shares outstanding (000s)	17,089	18,438	17,584	18,410
Diluted weighted average shares outstanding (000s)	17,089	18,606	17,584	18,570

	<u>Three Months Ended June 30,</u>			<u>Six Months Ended June 30,</u>		
	<u>2020</u>	<u>2019</u>	<u>% Change</u>	<u>2020</u>	<u>2019</u>	<u>% Change</u>
	<u>SEGMENT REVENUES</u>			<u>SEGMENT REVENUES</u>		
(\$000s)						
Highway Services - Truckload Freight Revenue	\$73,330	\$78,830	-7.0%	\$150,308	\$156,587	-4.0%
Dedicated - Truckload Freight Revenue	60,378	72,354	-16.6%	130,250	144,003	-9.6%
Combined Truckload Freight Revenue	\$133,708	\$151,184	-11.6%	\$280,558	\$300,590	-6.7%
Managed Freight Revenue	45,856	41,475	10.6%	88,588	85,983	3.0%
Consolidated Freight Revenue	\$179,564	\$192,659	-6.8%	\$369,146	\$386,573	-4.5%

	<u>TRUCKLOAD OPERATING STATISTICS</u>			<u>OPERATING STATISTICS</u>		
	<u>2020</u>	<u>2019</u>	<u>% Change</u>	<u>2020</u>	<u>2019</u>	<u>% Change</u>
Average freight revenue per loaded mile	\$2.031	\$2.040	-0.4%	\$2.026	\$2.067	-2.0%
Average freight revenue per total mile	\$1.826	\$1.842	-0.9%	\$1.831	\$1.863	-1.7%
Average freight revenue per tractor per week	\$3,647	\$3,767	-3.2%	\$3,717	\$3,745	-0.8%
Average miles per tractor per period	25,970	26,589	-2.3%	52,787	51,973	1.6%
Weighted avg. tractors for period	2,820	3,087	-8.7%	2,903	3,104	-6.5%
Tractors at end of period	2,623	3,101	-15.4%	2,623	3,101	-15.4%
Trailers at end of period	6,662	6,921	-3.7%	6,662	6,921	-3.7%

	<u>SELECTED BALANCE SHEET DATA</u>	
	<u>6/30/2020</u>	<u>12/31/2019</u>
(\$000s, except per share data)		
Total assets	\$861,089	\$881,850
Total stockholders' equity	\$306,931	\$350,110
Total indebtedness, net of cash	\$284,352	\$304,573
Net Indebtedness to Capitalization Ratio	48.1%	46.5%
Tangible book value per end-of-quarter basic share	\$13.90	\$15.07

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

<i>(Dollars in thousands)</i>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
GAAP Presentation				
Total revenue	\$191,689	\$217,040	\$402,502	\$434,373
Total operating expenses	220,639	210,010	432,906	423,397
Operating income (loss)	(\$28,950)	\$7,030	(\$30,404)	\$10,976
Operating ratio	115.1%	96.8%	107.6%	97.5%
Non-GAAP Presentation				
Total revenue	\$191,689	\$217,040	\$402,502	\$434,373
Fuel surcharge revenue	(12,125)	(24,381)	(33,357)	(47,800)
Freight revenue (total revenue, excluding fuel surcharge)	179,564	192,659	369,145	386,573
Total operating expenses	220,639	210,010	432,906	423,397
Adjusted for:				
Fuel surcharge revenue	(12,125)	(24,381)	(33,357)	(47,800)
Amortization of intangibles (2)	(731)	(731)	(1,462)	(1,462)
Bad debt expense associated with customer bankruptcy and high credit risk customers	(2,617)	-	(2,617)	-
Strategic restructuring adjusting items:				
Gain on sale of terminal	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)	-
Employee separation charges	(1,791)	-	(1,791)	-
Abandonment and change in useful life of intangible assets	(1,331)	-	(1,331)	-
Abandonment of information technology infrastructure	(1,048)	-	(1,048)	-
Contract exit costs and other restructuring	(695)	-	(695)	-
Adjusted operating expenses	178,619	184,898	368,923	374,135
Adjusted operating income	945	7,761	222	12,438
Adjusted operating ratio	99.5%	96.0%	99.9%	96.8%

(1) Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP operating income and operating ratio to consolidated non-GAAP
(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>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
GAAP Presentation - Net (loss) income	(\$22,343)	\$6,071	(\$24,556)	\$10,504
Adjusted for:				
Amortization of intangibles (2)	731	731	1,462	1,462
Bad debt expense associated with customer bankruptcy and high credit risk customers	2,617	-	2,617	-
Strategic restructuring adjusting items:				
Gain on sale of terminal	(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	-
Employee separation charges	1,791	-	1,791	-
Abandonment and change in useful life of intangible assets	1,331	-	1,331	-
Abandonment of information technology infrastructure	1,048	-	1,048	-
Contract exit costs and other restructuring	695	-	695	-
Adjusted (loss) income before income taxes	\$29,895	731	30,626	1,462
Benefit from (provision for) income tax expense at effective rate	(7,125)	(270)	(7,319)	(412)
Tax effected adjustments	\$22,770	\$461	\$23,307	\$1,050
Non-GAAP Presentation - Adjusted net (loss) income	\$427	\$6,532	(\$1,249)	\$11,554
GAAP Presentation - Diluted earnings (loss) per share ("EPS")	(\$1.31)	\$0.33	(\$1.40)	\$0.57
Adjusted for:				
Amortization of intangibles (2)	0.04	0.04	0.08	0.08
Bad debt expense associated with customer bankruptcy and high-risk customer receivables bad debt charges	0.15	-	0.15	-
Strategic restructuring adjusting items:				
Gain on sale of terminal	(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	-
Employee separation charges	0.10	-	0.10	-
Abandonment and change in useful life of intangible assets	0.08	-	0.08	-
Abandonment of information technology infrastructure	0.06	-	0.06	-
Contract exit costs and other restructuring	0.04	-	0.04	-
Adjusted income before income taxes	1.75	0.04	1.70	0.08
Benefit from (provision for) income tax expense at effective rate	(0.42)	(0.01)	(0.42)	(0.02)
Tax effected adjustments	1.33	0.02	1.29	0.06
Non-GAAP Presentation - Adjusted EPS	\$0.03	\$0.35	(\$0.11)	\$0.63

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