

Covenant Logistics Group, Inc.
Key Financial and Operating Statistics

	Income Statement Data					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	% Change	2021	2020	% Change
(\$ in 000s, except per share data)						
Freight revenue	\$ 250,255	\$ 196,217	27.5%	\$ 682,891	\$ 565,362	20.8%
Fuel surcharge revenue	24,306	14,613	66.3%	68,884	47,971	43.6%
Total revenue	\$ 274,561	\$ 210,830	30.2%	\$ 751,775	\$ 613,333	22.6%
Operating expenses:						
Salaries, wages, and related expenses	87,547	78,812		258,609	235,964	
Fuel expense	26,174	18,061		75,368	59,264	
Operations and maintenance	14,933	11,912		43,946	36,956	
Revenue equipment rentals and purchased transportation	92,636	58,604		225,328	151,677	
Operating taxes and licenses	2,687	2,979		8,232	9,555	
Insurance and claims	11,023	13,317		28,437	40,491	
Communications and utilities	947	1,306		3,325	4,657	
General supplies and expenses	6,037	7,673		21,972	27,568	
Depreciation and amortization	13,365	13,428		41,316	51,274	
Gain on disposition of property and equipment, net	(871)	(2,073)		(3,683)	(7,048)	
Impairment of long lived property & equipment	-	-		-	26,569	
Total operating expenses	254,478	204,019		702,850	636,927	
Operating income (loss)	20,083	6,811		48,925	(23,594)	
Interest expense, net	724	1,935		2,175	5,917	
Income from equity method investment	(3,230)	(1,176)		(9,572)	(971)	
Income (loss) from continuing operations before income taxes	22,589	6,052		56,322	(28,540)	
Income tax expense (benefit)	6,147	1,339		15,863	(7,000)	
Income (loss) from continuing operations	16,442	4,713		40,459	(21,540)	
Income from discontinued operations, net of tax	-	2,788		2,540	4,485	
Net income (loss)	\$ 16,442	\$ 7,501		\$ 42,999	\$ (17,055)	
Basic earnings (loss) per share						
Income (loss) from continuing operations	\$ 0.98	\$ 0.28		\$ 2.40	\$ (1.24)	
Income from discontinued operations	-	0.16		0.15	0.26	
Net income (loss)	\$ 0.98	\$ 0.44		\$ 2.55	\$ (0.98)	
Diluted earnings (loss) per share						
Income (loss) from continuing operations	\$ 0.97	\$ 0.27		\$ 2.37	\$ (1.24)	
Income from discontinued operations	-	0.16		0.15	0.26	
Net income (loss)	\$ 0.97	\$ 0.43		\$ 2.52	\$ (0.98)	
Basic weighted average shares outstanding (000s)	16,782	17,134		16,832	17,435	
Diluted weighted average shares outstanding (000s)	16,975	17,267		17,041	17,435	

	Segment Freight Revenues					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	% Change	2021	2020	% Change
(\$ in 000's)						
Expedited - Truckload	\$ 72,959	\$ 71,730	1.7%	\$ 217,568	\$ 222,036	(2.0%)
Dedicated - Truckload	71,699	63,281	13.3%	205,975	193,531	6.4%
Combined Truckload	144,658	135,011	7.1%	423,543	415,567	1.9%
Managed Freight	90,072	47,595	89.2%	213,104	112,695	89.1%
Warehousing	15,525	13,611	14.1%	46,244	37,100	24.6%
Consolidated Freight Revenue	\$ 250,255	\$ 196,217	27.5%	\$ 682,891	\$ 565,362	20.8%

	Truckload Operating Statistics					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	% Change	2021	2020	% Change
Average freight revenue per loaded mile	\$ 2.44	\$ 2.01	21.4%	\$ 2.27	\$ 2.02	12.4%
Average freight revenue per total mile	\$ 2.16	\$ 1.83	18.0%	\$ 2.02	\$ 1.83	10.4%
Average freight revenue per tractor per week	\$ 4,644	\$ 4,065	14.2%	\$ 4,438	\$ 3,823	16.1%
Average miles per tractor per period	28,240	29,223	(3.4%)	85,609	81,775	4.7%
Weighted avg. tractors for period	2,370	2,527	(6.2%)	2,447	2,777	(11.9%)
Tractors at end of period	2,348	2,485	(5.5%)	2,348	2,485	(5.5%)
Trailers at end of period	5,346	6,259	(14.6%)	5,346	6,259	(14.6%)

	Selected Balance Sheet Data	
	9/30/2021	12/31/2020
	Total assets	\$ 702,679
Total stockholders' equity	\$ 329,893	\$ 290,642
Total indebtedness, net of cash	\$ 62,840	\$ 101,964
Net Indebtedness to Capitalization Ratio	16.0%	26.0%
Tangible book value per end-of-quarter basic share	\$ 15.93	\$ 13.03

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

Adjusted Operating Income and Adjusted Operating Ratio⁽¹⁾

(Dollars in thousands)

GAAP Presentation	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	bps Change	2021	2020	bps Change
Total revenue	\$274,561	\$210,830		\$751,775	\$613,333	
Total operating expenses	254,478	204,019		702,850	636,927	
Operating income (loss)	\$20,083	\$6,811		\$48,925	(\$23,594)	
Operating ratio	92.7%	96.8%	(410)	93.5%	103.8%	(1,030)
Non-GAAP Presentation	2021	2020	bps Change	2021	2020	bps Change
Total revenue	\$274,561	\$210,830		\$751,775	\$613,333	
Fuel surcharge revenue	(24,306)	(14,613)		(68,884)	(47,971)	
Freight revenue (total revenue, excluding fuel surcharge)	250,255	196,217		682,891	565,362	
Total operating expenses	254,478	204,019		702,850	636,927	
Adjusted for:						
Fuel surcharge revenue	(24,306)	(14,613)		(68,884)	(47,971)	
Amortization of intangibles ⁽²⁾	(1,152)	(1,152)		(3,456)	(3,945)	
Bad debt expense associated with customer bankruptcy and high credit risk customers	-	-		-	(2,617)	
Insurance policy erosion	-	(4,447)		-	(4,447)	
Strategic restructuring adjusting items:						
Gain on disposal of terminals, net	-	-		-	5,712	
Impairment of real estate and related tangible assets	-	-		-	(9,790)	
Impairment of revenue equipment and related charges	-	-		-	(17,604)	
Restructuring related severance and other	-	(1,000)		-	(2,791)	
Abandonment of information technology infrastructure	-	-		-	(1,048)	
Contract exit costs and other restructuring	-	-		-	(695)	
Adjusted operating expenses	229,020	182,807		630,510	551,731	
Adjusted operating income	21,235	13,410		52,381	13,631	
Adjusted operating ratio	91.5%	93.2%	(170)	92.3%	97.6%	(530)

⁽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.

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

(Dollars in thousands)

GAAP Presentation - Net (loss) income	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	\$ 16,442	\$ 7,501	\$ 42,999	\$ (17,055)
Adjusted for:				
Amortization of intangibles ⁽²⁾	1,152	1,152	3,456	3,945
Bad debt expense associated with customer bankruptcy and high credit risk customers	-	-	-	2,617
Insurance policy erosion	-	4,447	-	4,447
Strategic restructuring adjusting items:				
Discontinued operations reversal of loss contingency ⁽³⁾	-	(3,720)	(3,411)	(3,720)
Loss (gain) on disposal of terminals, net	-	-	-	(5,712)
Impairment of real estate and related tangible assets	-	-	-	9,790
Impairment of revenue equipment and related charges	-	-	-	17,604
Restructuring related severance and other	-	1,000	-	2,791
Abandonment of information technology infrastructure	-	-	-	1,048
Contract exit costs and other restructuring	-	-	-	695
Total adjustments before taxes	1,152	2,879	45	33,505
Provision for income tax expense at effective rate	(320)	(734)	74	(8,046)
Tax effected adjustments	\$ 832	\$ 2,145	\$ 119	\$ 25,459
Non-GAAP Presentation - Adjusted net income	\$ 17,274	\$ 9,646	\$ 43,118	\$ 8,404
GAAP Presentation - Diluted (loss) earnings per share ("EPS")	\$0.97	\$0.43	\$2.52	(\$0.98)
Adjusted for:				
Amortization of intangibles ⁽²⁾	0.07	0.07	0.21	0.23
Bad debt expense associated with customer bankruptcy and high credit risk customers	-	-	-	0.15
Insurance policy erosion and premium reinstatement expense	-	0.26	-	0.26
Strategic restructuring adjusting items:				
Discontinued operations reversal of loss contingency ⁽³⁾	-	(0.22)	(0.20)	(0.21)
Gain on sale of terminal, net	-	-	-	(0.33)
Impairment of real estate and related tangible assets	-	-	-	0.56
Impairment of revenue equipment and related charges	-	-	-	1.01
Restructuring related severance and other	-	0.06	-	0.16
Abandonment of information technology infrastructure	-	-	-	0.06
Contract exit costs and other restructuring	-	-	-	0.04
Total adjustments before taxes	0.07	0.17	0.01	1.91
Provision for income tax expense at effective rate	(0.02)	(0.04)	-	(0.46)
Tax effected adjustments	\$0.05	\$0.13	\$0.01	\$1.45
Non-GAAP Presentation - Adjusted EPS	\$1.02	\$0.56	\$2.53	\$0.47

⁽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-GAAP consolidated Adjusted EPS.

⁽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

	Three Months Ended September 30,					2020				
	2021					2020				
	Expedited	Dedicated	Combined Truckload	Managed Freight	Warehousing	Expedited	Dedicated	Combined Truckload	Managed Freight	Warehousing
Total revenue	\$85,289	\$83,477	\$168,766	\$90,072	\$15,723	\$78,410	\$71,104	\$149,514	\$47,595	\$13,721
Total operating expenses	74,225	84,136	\$158,361	\$80,821	15,296	75,889	70,178	146,067	45,516	12,436
Operating income (loss)	\$11,064	(\$659)	\$10,405	\$9,251	\$427	\$2,521	\$926	\$3,447	\$2,079	\$1,285
Operating ratio	87.0%	100.8%	93.8%	89.7%	97.3%	96.8%	98.7%	97.7%	95.6%	90.6%
Non-GAAP Presentation										
Total revenue	\$85,289	\$83,477	\$168,766	\$90,072	\$15,723	\$78,410	\$71,104	\$149,514	\$47,595	\$13,721
Fuel surcharge revenue	(12,330)	(11,778)	(24,108)	-	(198)	(6,680)	(7,823)	(14,503)	-	(110)
Freight revenue (total revenue, excluding fuel surcharge)	72,959	71,699	144,658	90,072	15,525	71,730	63,281	135,011	47,595	13,611
Total operating expenses	74,225	84,136	158,361	80,821	15,296	75,889	70,178	146,067	45,516	12,436
Adjusted for:										
Fuel surcharge revenue	(12,330)	(11,778)	(24,108)	-	(198)	(6,680)	(7,823)	(14,503)	-	(110)
Amortization of intangibles ⁽²⁾	-	(601)	(601)	(163)	(388)	-	(601)	(601)	(164)	(387)
Bad debt expense associated with customer bankruptcy and high credit risk customers	-	-	-	-	-	-	-	-	-	-
Strategic restructuring adjusting items:										
Insurance policy erosion	-	-	-	-	-	(2,640)	(1,807)	(4,447)	-	-
Gain on disposal of terminals, net	-	-	-	-	-	-	-	-	-	-
Impairment of real estate and related tangible assets	-	-	-	-	-	-	-	-	-	-
Impairment of revenue equipment and related charges	-	-	-	-	-	-	-	-	-	-
Restructuring related severance and other	-	-	-	-	-	(531)	(469)	(1,000)	-	-
Abandonment of information technology infrastructure	-	-	-	-	-	-	-	-	-	-
Contract exit costs and other restructuring	-	-	-	-	-	-	-	-	-	-
Adjusted operating expenses	61,895	71,757	133,652	80,658	14,710	66,038	59,478	125,516	45,352	11,939
Adjusted operating income (loss)	11,064	(58)	11,006	9,414	815	5,692	3,803	9,495	2,243	1,672
Adjusted operating ratio	84.8%	100.1%	92.4%	89.5%	94.8%	92.1%	94.0%	93.0%	95.3%	87.7%

Nine Months Ended September 30,

GAAP Presentation

	2021					2020				
	Expedited	Dedicated	Combined Truckload	Managed Freight	Warehousing	Expedited	Dedicated	Combined Truckload	Managed Freight	Warehousing
Total revenue	\$251,139	\$240,791	\$491,930	\$213,104	\$46,741	\$244,347	\$218,833	\$463,180	\$112,695	\$37,458
Total operating expenses	223,660	\$243,420	\$467,080	\$191,594	\$44,176	\$256,192	\$232,629	\$488,821	\$113,588	\$34,518
Operating income (loss)	\$27,479	(\$2,629)	\$24,850	\$21,510	\$2,565	(\$11,845)	(\$13,796)	(\$25,641)	(\$893)	\$2,940
Operating ratio	89.1%	101.1%	94.9%	89.9%	94.5%	104.8%	106.3%	105.5%	100.8%	92.2%
Non-GAAP Presentation										
Total revenue	\$251,139	\$240,791	\$491,930	\$213,104	\$46,741	\$244,347	\$218,833	\$463,180	\$112,695	\$37,458
Fuel surcharge revenue	(33,571)	(34,816)	(\$68,387)	-	(497)	(22,311)	(25,302)	(47,613)	-	(358)
Freight revenue (total revenue, excluding fuel surcharge)	217,568	205,975	423,543	213,104	46,244	222,036	193,531	415,567	112,695	37,100
Total operating expenses	223,660	243,420	467,080	191,594	44,176	256,192	232,629	488,821	113,588	34,518
Adjusted for:										
Fuel surcharge revenue	(33,571)	(34,816)	(68,387)	-	(497)	(22,311)	(25,302)	(47,613)	-	(358)
Amortization of intangibles ⁽²⁾	-	(1,803)	(1,803)	(489)	(1,164)	-	(2,176)	(2,176)	(470)	(1,299)
Bad debt expense associated with customer bankruptcy and high credit risk customers	-	-	-	-	-	(977)	(862)	(1,839)	(778)	-
Strategic restructuring adjusting items:										
Insurance policy erosion	-	-	-	-	-	(2,640)	(1,807)	(4,447)	-	-
Gain on disposal of terminals, net	-	-	-	-	-	3,035	2,677	5,712	-	-
Impairment of real estate and related tangible assets	-	-	-	-	-	(4,036)	(3,518)	(7,554)	(2,236)	-
Impairment of revenue equipment and related charges	-	-	-	-	-	(9,406)	(8,198)	(17,604)	-	-
Restructuring related severance and other	-	-	-	-	-	(1,483)	(1,308)	(2,791)	-	-
Abandonment of information technology infrastructure	-	-	-	-	-	(557)	(491)	(1,048)	-	-
Contract exit costs and other restructuring	-	-	-	-	-	(369)	(326)	(695)	-	-
Adjusted operating expenses	190,089	206,801	396,890	191,105	42,515	217,448	191,318	408,766	110,104	32,861
Adjusted operating income (loss)	27,479	(826)	26,653	21,999	3,729	4,588	2,213	6,801	2,591	4,239
Adjusted operating ratio	87.4%	100.4%	93.7%	89.7%	91.9%	97.9%	98.9%	98.4%	97.7%	88.6%

⁽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.