

**Covenant Logistics Group, Inc.**  
**Key Financial and Operating Statistics**

(\$ in 000s, except per share data)	Income Statement Data					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	% Change	2020	2019	% Change
Freight revenue	\$ 196,217	\$ 197,377	(0.6%)	\$ 565,362	\$ 583,950	(3.2%)
Fuel surcharge revenue	14,613	23,082	(36.7%)	47,971	70,882	(32.3%)
Total revenue	\$ 210,830	\$ 220,459	(4.4%)	\$ 613,333	\$ 654,832	(6.3%)
Operating expenses:						
Salaries, wages, and related expenses	78,812	83,687		235,964	238,281	
Fuel expense	18,061	28,812		59,264	85,858	
Operations and maintenance	11,912	14,742		36,956	44,814	
Revenue equipment rentals and purchased transportation	58,604	50,428		151,677	146,267	
Operating taxes and licenses	2,979	3,170		9,555	9,719	
Insurance and claims	13,317	14,050		40,491	35,755	
Communications and utilities	1,306	1,790		4,657	5,268	
General supplies and expenses	7,673	7,584		27,568	21,493	
Depreciation and amortization	13,428	20,817		51,274	61,230	
Gain on disposition of property and equipment, net	(2,073)	(751)		(7,048)	(959)	
Impairment of long lived property & equipment	-	-		26,569	-	
Total operating expenses	204,019	224,329		636,927	647,726	
Operating income (loss)	6,811	(3,870)		(23,594)	7,106	
Interest expense, net	1,935	2,198		5,917	6,048	
Income from equity method investment	(1,176)	(2,138)		(971)	(7,548)	
Income (loss) from continuing operations before income taxes	6,052	(3,930)		(28,540)	8,606	
Income tax expense (benefit)	1,339	112		(7,000)	3,645	
Income (loss) from continuing operations	4,713	(4,042)		(21,540)	4,961	
Income from discontinued operations, net of tax	2,788	853		4,485	2,354	
Net income (loss)	\$ 7,501	\$ (3,189)		\$ (17,055)	\$ 7,315	
<b>Basic earnings (loss) per share</b>						
Income (loss) from continuing operations	\$ 0.28	\$ (0.22)		\$ (1.24)	\$ 0.27	
Income from discontinued operations	\$ 0.16	\$ 0.05		\$ 0.26	\$ 0.13	
Net income (loss)	\$ 0.44	\$ (0.17)		\$ (0.98)	\$ 0.40	
<b>Diluted earnings (loss) per share</b>						
Income (loss) from continuing operations	\$ 0.27	\$ (0.22)		\$ (1.24)	\$ 0.27	
Income from discontinued operations	\$ 0.16	\$ 0.05		\$ 0.26	\$ 0.13	
Net income (loss)	\$ 0.43	\$ (0.17)		\$ (0.98)	\$ 0.39	
Basic weighted average shares outstanding (000s)	17,134	18,458		17,435	18,426	
Diluted weighted average shares outstanding (000s)	17,267	18,458		17,435	18,620	

(\$ in 000's)	Segment Freight Revenues					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	% Change	2020	2019	% Change
Expedited - Truckload	\$ 71,730	\$ 77,609	(7.6%)	\$ 222,036	\$ 234,196	(5.2%)
Dedicated - Truckload	63,281	74,398	(14.9%)	193,531	218,401	(11.4%)
Combined Truckload	135,011	152,007	(11.2%)	415,567	452,597	(8.2%)
Managed Freight	47,595	33,339	42.8%	112,695	95,723	17.7%
Warehousing	13,611	12,031	13.1%	37,100	35,630	4.1%
Consolidated Freight Revenue	\$ 196,217	\$ 197,377	(0.6%)	\$ 565,362	\$ 583,950	(3.2%)

	Truckload Operating Statistics					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	% Change	2020	2019	% Change
Average freight revenue per loaded mile	\$ 2.01	\$ 2.05	(2.0%)	\$ 2.02	\$ 2.06	(2.0%)
Average freight revenue per total mile	\$ 1.83	\$ 1.86	(1.6%)	\$ 1.83	\$ 1.86	(1.7%)
Average freight revenue per tractor per week	\$ 4,065	\$ 3,766	7.9%	\$ 3,823	\$ 3,752	1.9%
Average miles per tractor per period	29,223	26,638	9.7%	81,775	78,609	4.0%
Weighted avg. tractors for period	2,527	3,071	(17.7%)	2,777	3,093	(10.2%)
Tractors at end of period	2,485	3,008	(17.4%)	2,485	3,008	(17.4%)
Trailers at end of period	6,259	6,822	(8.3%)	6,259	6,822	(8.3%)

(in '000's, except per share data)	Selected Balance Sheet Data	
	9/30/2020	12/31/2019
	Total assets	\$ 723,833
Total stockholders' equity	\$ 314,796	\$ 350,110
Total indebtedness, net of cash	\$ 153,137	\$ 304,573
Net Indebtedness to Capitalization Ratio	32.7%	46.5%
Tangible book value per end-of-quarter basic share	\$ 14.39	\$ 15.07

**Covenant Logistics Group, Inc.**  
**Non-GAAP Reconciliation (Unaudited)**  
**Adjusted Operating Income and Adjusted Operating Ratio <sup>(1)</sup>**

*(Dollars in thousands)*

GAAP Presentation	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	bps Change	2020	2019	bps Change
Total revenue	\$210,830	\$220,459		\$613,333	\$654,832	
Total operating expenses	204,019	224,329		636,927	647,726	
Operating income (loss)	\$6,811	(\$3,870)		(\$23,594)	\$7,106	
Operating ratio	96.8%	101.8%	(500)	103.8%	98.9%	490
<b>Non-GAAP Presentation</b>						
	2020	2019	bps Change	2020	2019	bps Change
Total revenue	\$210,830	\$220,459		\$613,333	\$654,832	
Fuel surcharge revenue	(14,613)	(23,082)		(47,971)	(70,882)	
Freight revenue (total revenue, excluding fuel surcharge)	196,217	197,377		565,362	583,950	
Total operating expenses	204,019	224,329		636,927	647,726	
Adjusted for:						
Fuel surcharge revenue	(14,613)	(23,082)		(47,971)	(70,882)	
Amortization of intangibles <sup>(2)</sup>	(1,152)	(731)		(2,614)	(2,193)	
Bad debt expense associated with customer bankruptcy and high credit risk	-	-		(2,617)	-	
Strategic restructuring adjusting items:						
Insurance policy erosion and premium reinstatement expense	(4,447)	-		(4,447)	-	
Gain on sale of terminal	-	-		5,712	-	
Impairment of real estate and related tangible assets	-	-		(9,790)	-	
Impairment of revenue equipment and related charges	-	-		(17,604)	-	
Employee separation charges	(1,000)	-		(2,791)	-	
Abandonment and change in useful life of intangible assets	-	-		(1,331)	-	
Abandonment of information technology infrastructure	-	-		(1,048)	-	
Contract exit costs and other restructuring	-	-		(695)	-	
Adjusted operating expenses	182,807	200,516		551,731	574,651	
Adjusted operating income (loss)	13,410	(3,139)		13,631	9,299	
Adjusted operating ratio	93.2%	101.6%	(840)	97.6%	98.4%	(80)

(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 Adjusted EPS <sup>(1)</sup>**

*(Dollars in thousands)*

GAAP Presentation - Net income (loss)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	\$ 7,501	\$ (3,189)	\$ (17,055)	\$ 7,315
Adjusted for:				
Amortization of intangibles <sup>(2)</sup>	1,152	731	2,614	2,193
Bad debt expense associated with customer bankruptcy and high credit risk	-	-	2,617	-
Strategic restructuring adjusting items:				
Insurance policy erosion and premium reinstatement expense	4,447	-	4,447	-
Gain on Sale of TFS	(3,720)	-	(3,720)	-
Gain on sale of terminal	-	-	(5,712)	-
Impairment of real estate and related tangible assets	-	-	9,790	-
Impairment of revenue equipment and related charges	-	-	17,604	-
Employee separation charges	1,000	-	2,791	-
Abandonment and change in useful life of intangible assets	-	-	1,331	-
Abandonment of information technology infrastructure	-	-	1,048	-
Contract exit costs and other restructuring	-	-	695	-
Adjusted income before income taxes	2,879	731	33,505	2,193
Provision for income tax expense at effective rate	(734)	(186)	(8,046)	(643)
Tax effected adjustments	\$ 2,145	\$ 545	\$ 25,459	\$ 1,550
Non-GAAP Presentation - Adjusted net (loss) income	\$ 9,646	\$ (2,644)	\$ 8,404	\$ 8,865
<b>GAAP Presentation - Diluted earnings (loss) per share ("EPS")</b>				
	<b>\$0.43</b>	<b>(\$0.17)</b>	<b>(\$0.98)</b>	<b>\$0.39</b>
Adjusted for:				
Amortization of intangibles <sup>(2)</sup>	0.07	0.04	0.15	0.12
Bad debt expense associated with customer bankruptcy and high credit risk	-	-	0.15	-
Strategic restructuring adjusting items:				
Insurance policy erosion and premium reinstatement expense	0.26	-	0.26	-
Gain on Sale of TFS	(0.22)	-	(0.21)	-
Gain on sale of terminal	-	-	(0.33)	-
Impairment of real estate and related tangible assets	-	-	0.56	-
Impairment of revenue equipment and related charges	-	-	1.01	-
Employee separation charges	0.06	-	0.16	-
Abandonment and change in useful life of intangible assets	-	-	0.08	-
Abandonment of information technology infrastructure	-	-	0.06	-
Contract exit costs and other restructuring	-	-	0.04	-
Adjusted income before income taxes	0.17	0.04	1.91	0.12
Provision for income tax expense at effective rate	(0.04)	(0.01)	(0.46)	(0.03)
Tax effected adjustments	\$0.13	\$0.02	\$1.45	\$0.09
<b>Non-GAAP Presentation - Adjusted EPS</b>	<b>\$0.56</b>	<b>(\$0.15)</b>	<b>\$0.47</b>	<b>\$0.48</b>

- (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.

**Covenant Logistics Group, Inc.**  
**Non-GAAP Reconciliation (Unaudited)**  
**Adjusted Operating Income and Adjusted Operating Ratio by Reportable Segment <sup>(1)</sup>**  
**For the three months ended September 30,**

(Dollars in thousands)

**GAAP Presentation**

	2020				2019			
	Expedited	Dedicated	Managed Freight	Warehousing	Expedited	Dedicated	Managed Freight	Warehousing
Total revenue	\$78,410	\$71,104	\$47,594	\$13,722	\$87,674	\$87,284	\$33,339	\$12,162
Total operating expenses	75,889	70,178	\$45,515	12,437	90,311	90,263	32,833	10,922
Operating income (loss)	\$2,521	\$926	\$2,079	\$1,285	(\$2,637)	(\$2,979)	\$506	\$1,240
Operating ratio	96.8%	98.7%	95.6%	90.6%	103.0%	103.4%	98.5%	89.8%

**Non-GAAP Presentation**

	2020				2019			
	Expedited	Dedicated	Managed Freight	Warehousing	Expedited	Dedicated	Managed Freight	Warehousing
Total revenue	\$78,410	\$71,104	\$47,594	\$13,722	\$87,674	\$87,284	\$33,339	\$12,162
Fuel surcharge revenue	(6,680)	(7,823)	-	(111)	(10,065)	(12,886)	-	(131)
Freight revenue (total revenue, excluding fuel surcharge)	71,730	63,281	47,594	13,611	77,609	74,398	33,339	12,031
Total operating expenses	75,889	70,178	45,515	12,437	90,311	90,263	32,833	10,922
Adjusted for:								
Fuel surcharge revenue	(6,680)	(7,823)	-	(111)	(10,065)	(12,886)	-	(131)
Amortization of intangibles <sup>(2)</sup>	-	(601)	(164)	(387)	-	(379)	(58)	(294)
Bad debt expense associated with customer bankruptcy and high credit risk customers	-	-	-	-	-	-	-	-
Strategic restructuring adjusting items:								
Insurance policy erosion and premium reinstatement expense	(2,640)	(1,807)	-	-	-	-	-	-
Gain on sale of terminal	-	-	-	-	-	-	-	-
Impairment of real estate and related tangible assets	-	-	-	-	-	-	-	-
Impairment of revenue equipment and related charges	-	-	-	-	-	-	-	-
Employee separation charges	(531)	(469)	-	-	-	-	-	-
Abandonment and change in useful life of intangible assets	-	-	-	-	-	-	-	-
Abandonment of information technology infrastructure	-	-	-	-	-	-	-	-
Contract exit costs and other restructuring	-	-	-	-	-	-	-	-
Adjusted operating expenses	66,038	59,478	45,351	11,939	80,246	76,998	32,775	10,497
Adjusted operating income (loss)	5,692	3,803	2,243	1,672	(2,637)	(2,600)	564	1,534
Adjusted operating ratio	92.1%	94.0%	95.3%	87.7%	103.4%	103.5%	98.3%	87.2%

**For the nine months ended September 30,**

**GAAP Presentation**

	2020				2019			
	Expedited	Dedicated	Managed Freight	Warehousing	Expedited	Dedicated	Managed Freight	Warehousing
Total revenue	\$244,347	\$218,833	\$112,695	\$37,458	\$265,665	\$257,362	\$95,725	\$36,081
Total operating expenses	256,192	\$232,629	\$113,588	\$34,519	\$267,541	\$254,644	\$93,707	\$31,835
Operating (loss) income	(\$11,845)	(\$13,796)	(\$893)	\$2,939	(\$1,876)	\$2,718	\$2,018	\$4,246
Operating ratio	104.8%	106.3%	100.8%	92.2%	100.7%	98.9%	97.9%	88.2%

**Non-GAAP Presentation**

	2020				2019			
	Expedited	Dedicated	Managed Freight	Warehousing	Expedited	Dedicated	Managed Freight	Warehousing
Total revenue	\$244,347	\$218,833	\$112,695	\$37,458	\$265,665	\$257,362	\$95,725	\$36,081
Fuel surcharge revenue	(22,311)	(25,302)	-	(358)	(31,469)	218,401	-	(451)
Freight revenue (total revenue, excluding fuel surcharge)	222,036	193,531	112,695	37,100	234,196	475,763	95,725	35,630
Total operating expenses	256,192	232,629	113,588	34,519	267,541	254,644	93,707	31,835
Adjusted for:								
Fuel surcharge revenue	(22,311)	(25,302)	-	(358)	(31,469)	218,401	-	(451)
Amortization of intangibles <sup>(2)</sup>	-	(1,359)	(280)	(975)	-	(1,137)	(174)	(882)
Bad debt expense associated with customer bankruptcy and high credit risk customers	(977)	(862)	(778)	-	-	-	-	-
Strategic restructuring adjusting items:								
Insurance policy erosion and premium reinstatement expense	(2,640)	(1,807)	-	-	-	-	-	-
Gain on sale of terminal	3,035	2,677	-	-	-	-	-	-
Impairment of real estate and related tangible assets	(4,013)	(3,541)	(2,236)	-	-	-	-	-
Impairment of revenue equipment and related charges	(8,097)	(9,507)	-	-	-	-	-	-
Employee separation charges	(1,483)	(1,308)	-	-	-	-	-	-
Abandonment and change in useful life of intangible assets	-	(817)	(514)	-	-	-	-	-
Abandonment of information technology infrastructure	(557)	(491)	-	-	-	-	-	-
Contract exit costs and other restructuring	(369)	(326)	-	-	-	-	-	-
Adjusted operating expenses	218,780	189,986	109,780	33,186	236,072	471,908	93,533	30,502
Adjusted operating income (loss)	3,256	3,545	2,915	3,914	(1,876)	3,855	2,192	5,128
Adjusted operating ratio	98.5%	98.2%	97.4%	89.5%	100.8%	99.2%	97.7%	85.6%

(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. Truckload GAAP operating income and operating ratio is reconciled to Truckload non-GAAP Adjusted operating income and Adjusted operating ratio by combining the Expedited and Dedicated corresponding columns.

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