

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

	Income Statement Data					
	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	% Change	2020	2019	% Change
<b>(\$ in 000s, except per share data)</b>						
Freight revenue	\$ 210,856	\$ 207,311	1.7%	\$ 776,218	\$ 791,260	(1.9%)
Fuel surcharge revenue	14,372	23,245	(38.2%)	62,343	94,127	(33.8%)
Total revenue	\$ 225,228	\$ 230,556	(2.3%)	\$ 838,561	\$ 885,387	(5.3%)
Operating expenses:						
Salaries, wages, and related expenses	79,059	82,218		315,023	320,498	
Fuel expense	18,179	29,449		77,443	115,307	
Operations and maintenance	11,412	14,691		48,368	59,506	
Revenue equipment rentals and purchased transportation	71,028	58,387		222,705	204,655	
Operating taxes and licenses	2,066	3,305		11,621	13,024	
Insurance and claims	12,562	11,964		53,052	47,719	
Communications and utilities	1,241	1,699		5,898	6,968	
General supplies and expenses	6,575	8,596		34,143	30,089	
Depreciation and amortization	14,199	19,272		65,472	80,502	
Gain on disposition of property and equipment, net	(659)	(691)		(7,706)	(1,650)	
Impairment of long lived property & equipment	-	-		26,569	-	
Total operating expenses	215,662	228,890		852,588	876,618	
Operating income (loss)	9,566	1,666		(14,027)	8,769	
Interest expense, net	924	2,170		6,841	8,218	
Income from equity method investment	(2,973)	531		(3,944)	(7,017)	
Income (loss) from continuing operations before income taxes	11,615	(1,035)		(16,924)	7,568	
Income tax expense (benefit)	4,166	(1,296)		(2,804)	2,349	
Income (loss) from continuing operations	7,449	261		(14,120)	5,219	
Income from discontinued operations, net of tax	(33,114)	901		(28,598)	3,258	
Net income (loss)	\$ (25,665)	\$ 1,162		\$ (42,718)	\$ 8,477	
<b>Basic earnings (loss) per share</b>						
Income (loss) from continuing operations	\$ 0.43	\$ 0.01		\$ (0.81)	\$ 0.28	
Income from discontinued operations	\$ (1.93)	\$ 0.05		\$ (1.65)	\$ 0.18	
Net income (loss)	\$ (1.50)	\$ 0.06		\$ (2.46)	\$ 0.46	
<b>Diluted earnings (loss) per share</b>						
Income (loss) from continuing operations	\$ 0.43	\$ 0.01		\$ (0.81)	\$ 0.28	
Income from discontinued operations	\$ (1.93)	\$ 0.05		\$ (1.65)	\$ 0.17	
Net income (loss)	\$ (1.50)	\$ 0.06		\$ (2.46)	\$ 0.45	
Basic weighted average shares outstanding (000s)	17,135	18,462		17,358	18,435	
Diluted weighted average shares outstanding (000s)	17,135	18,681		17,358	18,635	

	Segment Freight Revenues					
	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	% Change	2020	2019	% Change
<b>(\$ in 000's)</b>						
Expedited - Truckload	\$ 69,434	\$ 80,643	(13.9%)	\$ 291,471	\$ 314,839	(7.4%)
Dedicated - Truckload	61,972	72,202	(14.2%)	255,503	290,602	(12.1%)
Combined Truckload	131,406	152,845	(14.0%)	546,974	605,441	(9.7%)
Managed Freight	64,884	42,891	51.3%	177,579	138,614	28.1%
Warehousing	14,566	11,575	25.8%	51,665	47,205	9.4%
Consolidated Freight Revenue	\$ 210,856	\$ 207,311	1.7%	\$ 776,218	\$ 791,260	(1.9%)

	Truckload Operating Statistics					
	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	% Change	2020	2019	% Change
Average freight revenue per loaded mile	\$ 2.11	\$ 2.09	0.7%	\$ 2.04	\$ 2.07	(1.4%)
Average freight revenue per total mile	\$ 1.90	\$ 1.89	0.4%	\$ 1.85	\$ 1.87	(1.2%)
Average freight revenue per tractor per week	\$ 4,032	\$ 3,857	4.5%	\$ 3,872	\$ 3,778	2.5%
Average miles per tractor per period	27,867	26,774	4.1%	109,622	105,379	4.0%
Weighted avg. tractors for period	2,480	3,015	(17.8%)	2,702	3,073	(12.1%)
Tractors at end of period	2,461	3,021	(18.5%)	2,461	3,021	(18.5%)
Trailers at end of period	5,647	6,739	(16.2%)	5,647	6,739	(16.2%)

	Selected Balance Sheet Data	
	12/31/2020	12/31/2019
<b>(in '000's, except per share data)</b>		
Total assets	\$ 667,513	\$ 881,640
Total stockholders' equity	\$ 290,642	\$ 350,110
Total indebtedness, net of cash	\$ 101,963	\$ 304,573
Net Indebtedness to Capitalization Ratio	26.0%	46.5%
Tangible book value per end-of-quarter basic share	\$ 13.03	\$ 15.01

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

<i>(Dollars in thousands)</i> <b>GAAP Presentation</b>	<b>Three Months Ended December 31,</b>			<b>Year Ended December 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>bps Change</b>	<b>2020</b>	<b>2019</b>	<b>bps Change</b>
Total revenue	\$225,228	\$230,556		\$838,561	\$885,387	
Total operating expenses	215,662	228,890		852,588	876,618	
Operating income (loss)	\$9,566	\$1,666		(\$14,027)	\$8,769	
Operating ratio	95.8%	99.3%	(350)	101.7%	99.0%	270
<b>Non-GAAP Presentation</b>	<b>2020</b>	<b>2019</b>	<b>bps Change</b>	<b>2020</b>	<b>2019</b>	<b>bps Change</b>
Total revenue	\$225,228	\$230,556		\$838,561	\$885,387	
Fuel surcharge revenue	(14,372)	(23,245)		(62,343)	(94,127)	
Freight revenue (total revenue, excluding fuel surcharge)	210,856	207,311		776,218	791,260	
Total operating expenses	215,662	228,890		852,588	876,618	
Adjusted for:						
Fuel surcharge revenue	(14,372)	(23,245)		(62,343)	(94,127)	
Amortization of intangibles <sup>(2)</sup>	(1,152)	(731)		(5,097)	(2,924)	
Bad debt expense associated with customer bankruptcy and high credit risk customers	-	-		(2,617)	-	
Insurance policy erosion	-	-		(4,447)	-	
Strategic restructuring adjusting items:						
(Loss) gain on disposal of terminals, net	(972)	-		4,740	-	
Impairment of real estate and related tangible assets	-	-		(9,790)	-	
Impairment of revenue equipment and related charges	-	-		(17,604)	-	
Restructuring related severance and other	(1,543)	-		(4,334)	-	
Abandonment of information technology infrastructure	-	-		(1,048)	-	
Contract exit costs and other restructuring	-	-		(695)	-	
Adjusted operating expenses	197,623	204,914		749,353	779,567	
Adjusted operating income	13,233	2,397		26,865	11,693	
Adjusted operating ratio	93.7%	98.8%	(510)	96.5%	98.5%	(200)

- (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  
(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>**

<i>(Dollars in thousands)</i>	<b>Three Months Ended December 31,</b>		<b>Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>GAAP Presentation - Net (loss) income</b>	<b>\$ (25,665)</b>	<b>\$ 1,162</b>	<b>\$ (42,718)</b>	<b>\$ 8,477</b>
Adjusted for:				
Amortization of intangibles <sup>(2)</sup>	1,152	731	5,097	2,924
Bad debt expense associated with customer bankruptcy and high credit risk customers	-	-	2,617	-
Insurance policy erosion	-	-	4,447	-
Strategic restructuring adjusting items:				
Discontinued operations loss contingency, net <sup>(3)</sup>	44,151	-	40,431	-
Loss (gain) on disposal of terminals, net	972	-	(4,740)	-
Impairment of real estate and related tangible assets	-	-	9,790	-
Impairment of revenue equipment and related charges	-	-	17,604	-
Restructuring related severance and other	1,543	-	4,334	-
Abandonment of information technology infrastructure	-	-	1,048	-
Contract exit costs and other restructuring	-	-	695	-
Total adjustments before taxes	47,818	731	81,323	2,924
Provision for income tax expense at effective rate <sup>(4)</sup>	(11,715)	(20)	(19,924)	-
Tax effected adjustments	\$ 36,103	\$ 711	\$ 61,399	\$ 2,924
Non-GAAP Presentation - Adjusted net income	\$ 10,438	\$ 1,873	\$ 18,681	\$ 11,401
<b>GAAP Presentation - Diluted (loss) earnings per share ("EPS")</b>	<b>(\$1.50)</b>	<b>\$0.06</b>	<b>(\$2.46)</b>	<b>\$0.45</b>
Adjusted for:				
Amortization of intangibles <sup>(2)</sup>	0.07	0.04	0.29	0.16
Bad debt expense associated with customer bankruptcy and high credit risk customers	-	-	0.15	-
Insurance policy erosion and premium reinstatement expense	-	-	0.26	-
Strategic restructuring adjusting items:				
Discontinued operations loss contingency, net <sup>(3)</sup>	2.58	-	2.33	-
Loss (gain) on sale of terminal, net	0.06	-	(0.27)	-
Impairment of real estate and related tangible assets	-	-	0.56	-
Impairment of revenue equipment and related charges	-	-	1.01	-
Restructuring related severance and other	0.09	-	0.25	-
Abandonment of information technology infrastructure	-	-	0.06	-
Contract exit costs and other restructuring	-	-	0.04	-
Total adjustments before taxes	2.79	0.04	4.69	0.16
Provision for income tax expense at effective rate <sup>(4)</sup>	(0.68)	-	(1.15)	-
Tax effected adjustments	\$2.11	\$0.04	\$3.54	\$0.16
<b>Non-GAAP Presentation - Adjusted EPS</b>	<b>\$0.61</b>	<b>\$0.10</b>	<b>\$1.08</b>	<b>\$0.61</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  
(2) "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets.  
(3) A \$3,720 gain on disposal of TFS was recognized in Q3 2020, but a contingent liability was subsequently recognized in Q4 related to the indemnification of TBK.  
(4) Year-to-date 2019 includes the non-cash reversal of a portion of a previously recorded federal income tax credit that was settled with the IRS during the third quarter of 2019 totaling \$455 and the recording of a reserve for an uncertain tax position that was previously recorded as a tax benefit in a prior year totaling \$394, where new information effected the tax position.

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

(Dollars in thousands)

**GAAP Presentation**

	For the three months ended December 31,				
	2020				
	Expedited	Dedicated	Truckload	Managed Freight	Warehousing
Total revenue	\$75,855	\$69,819	\$145,674	\$64,884	\$14,670
Total operating expenses	71,073	71,533	\$142,606	\$59,509	13,548
Operating income (loss)	\$4,782	(\$1,714)	\$3,068	\$5,375	\$1,122
Operating ratio	93.7%	102.5%	97.9%	91.7%	92.4%

**Non-GAAP Presentation**

	For the three months ended December 31,				
	2020				
	Expedited	Dedicated	Truckload	Managed Freight	Warehousing
Total revenue	\$75,855	\$69,819	\$145,674	\$64,884	\$14,670
Fuel surcharge revenue	(6,421)	(7,847)	(14,268)	-	(104)
Freight revenue (total revenue, excluding fuel surcharge)	69,434	61,972	131,406	64,884	14,566
Total operating expenses	71,073	71,533	142,606	59,509	13,548
Adjusted for:					
Fuel surcharge revenue	(6,421)	(7,847)	(14,268)	-	(104)
Amortization of intangibles <sup>(2)</sup>	-	(601)	(601)	(164)	(387)
Bad debt expense associated with customer bankruptcy and high credit risk customers	-	-	-	-	-
Strategic restructuring adjusting items:	-	-	-	-	-
Insurance policy erosion and premium reinstatement expense	-	-	-	-	-
Gain on sale of terminal	(514)	(458)	(972)	-	-
Impairment of real estate and related tangible assets	-	-	-	-	-
Impairment of revenue equipment and related charges	-	-	-	-	-
Restructuring related severance and other	(815)	(728)	(1,543)	-	-
Abandonment of information technology infrastructure	-	-	-	-	-
Contract exit costs and other restructuring	-	-	-	-	-
Adjusted operating expenses	63,323	61,899	125,222	59,345	13,057
Adjusted operating income (loss)	6,111	73	6,184	5,539	1,509
Adjusted operating ratio	91.2%	99.9%	95.3%	91.5%	89.6%

**GAAP Presentation**

	For the twelve months ended December 31,				
	2020				
	Expedited	Dedicated	Truckload	Managed Freight	Warehousing
Total revenue	\$320,201	\$288,652	\$608,853	\$177,579	\$52,128
Total operating expenses	327,239	\$304,188	\$631,427	\$173,097	\$48,065
Operating (loss) income	(\$7,038)	(\$15,536)	(\$22,574)	\$4,482	\$4,063
Operating ratio	102.2%	105.4%	103.7%	97.5%	92.2%

**Non-GAAP Presentation**

	For the twelve months ended December 31,				
	2020				
	Expedited	Dedicated	Truckload	Managed Freight	Warehousing
Total revenue	\$320,201	\$288,652	\$608,853	\$177,579	\$52,128
Fuel surcharge revenue	(28,731)	(33,149)	(\$61,880)	-	(463)
Freight revenue (total revenue, excluding fuel surcharge)	291,470	255,503	546,973	177,579	51,665
Total operating expenses	327,239	304,188	631,427	173,097	48,065
Adjusted for:					
Fuel surcharge revenue	(28,731)	(33,149)	(61,880)	-	(463)
Amortization of intangibles <sup>(2)</sup>	-	(2,777)	(2,777)	(633)	(1,686)
Bad debt expense associated with customer bankruptcy and high credit risk customers	(972)	(867)	(1,839)	(778)	-
Strategic restructuring adjusting items:	-	-	-	-	-
Insurance policy erosion and premium reinstatement expense	(2,627)	(1,820)	(4,447)	-	-
Gain on sale of terminal	2,505	2,235	4,740	-	-
Impairment of real estate and related tangible assets	(3,991)	(3,563)	(7,554)	(2,236)	-
Impairment of revenue equipment and related charges	(8,046)	(9,558)	(17,604)	-	-
Restructuring related severance and other	(2,290)	(2,044)	(4,334)	-	-
Abandonment of information technology infrastructure	(554)	(494)	(1,048)	-	-
Contract exit costs and other restructuring	(367)	(328)	(695)	-	-
Adjusted operating expenses	282,166	251,825	533,989	169,450	45,916
Adjusted operating income (loss)	9,204	3,680	12,984	8,129	5,749
Adjusted operating ratio	96.8%	98.6%	97.8%	97.1%	88.9%

(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.