TFI International

Q1 First Quarterly Report

Three-Month Period Ended March 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the first quarter ended
March 31, 2022

CONTENTS

GENERAL INFORMATION

The following is TFI International Inc.'s management discussion and analysis ("MD&A"). Throughout this MD&A, the terms "Company", "TFI International" and "TFI" shall mean TFI International Inc., and shall include its independent operating subsidiaries. This MD&A provides a comparison of the Company's performance for its three-month period ended March 31, 2022 with the corresponding three-month period ended March 31, 2021 and it reviews the Company's financial position as of March 31, 2022. It also includes a discussion of the Company's affairs up to April 28, 2022, which is the date of this MD&A. The MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements as of March 31, 2022 and the audited consolidated financial statements and accompanying notes as at and for the year ended December 31, 2021.

In this document, all financial data are prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") unless otherwise noted. All amounts are in United States dollars (U.S. dollars), and the term "dollar", as well as the symbol "$", designate U.S. dollars unless otherwise indicated. Variances may exist as numbers have been rounded. This MD&A also uses non-IFRS financial measures. Refer to the section of this report entitled "Non-IFRS Financial Measures" for a complete description of these measures.

The Company's unaudited consolidated condensed interim financial statements have been approved by its Board of Directors ("Board") upon recommendation of its audit committee on April 28, 2022. Prospective data, comments and analysis are also provided wherever appropriate to assist existing and new investors to see the business from a corporate management point of view. Such disclosure is subject to reasonable constraints for maintaining the confidentiality of certain information that, if published, would probably have an adverse impact on the competitive position of the Company.

Additional information relating to the Company can be found on its website at www.tfiintl.com. The Company's continuous disclosure materials, including its annual and quarterly MD&A, annual and quarterly consolidated financial statements, annual report, annual information form, management proxy circular and the various press releases issued by the Company are also available on its website, or directly through the SEDAR system at www.sedar.com, or through the EDGAR system at www.sec.gov/edgar.shtml.

FORWARD-LOOKING STATEMENTS

The Company may make statements in this report that reflect its current expectations regarding future results of operations, performance and achievements. These are "forward-looking" statements and reflect management's current beliefs. They are based on information currently available to management. Words such as "may", "might", "expect", "intend", "estimate", "anticipate", "plan", "foresee", "believe", "to its knowledge", "could", "design", "forecast", "goal", "hope", "intend", "likely", "predict", "project", "seek", "should", "target", "will", "would" or "continue" and words and expressions of similar import are intended to identify these forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results and those presently anticipated or projected.

The Company wishes to caution readers not to place undue reliance on any forward-looking statements which reference issues only as of the date made. The following important factors could cause the Company's actual financial performance to differ materially from that expressed in any forward-looking statement: the highly competitive market conditions, the Company's ability to recruit, train and retain qualified drivers, fuel price variations and the Company's ability to recover these costs from its customers, foreign currency fluctuations, the impact of environmental standards and regulations, changes in governmental regulations applicable to the Company's operations, adverse weather conditions, accidents, the market for used equipment, changes in interest rates, cost of liability insurance coverage, downturns in general economic conditions affecting the Company and its customers, credit market liquidity, and the Company's ability to identify, negotiate, consummate and successfully integrate business acquisitions.

The foregoing list should not be construed as exhaustive, and the Company disclaims any subsequent obligation to revise or update any previously made forward-looking statements unless required to do so by applicable securities laws. Unanticipated events are likely to occur. Readers should also refer to the section "Risks and Uncertainties" at the end of this MD&A for additional information on risk factors and other events that are not within the Company's control. The Company's future financial and operating results may fluctuate as a result of these and other risk factors.

SELECTED FINANCIAL DATA AND HIGHLIGHTS

(unaudited) *(in thousands of U.S. dollars, except per share data)*			**Three months ended March 31**
	2022	2021	2020*
Revenue before fuel surcharge	**1,893,848**	1,059,134	829,099
Fuel surcharge	**297,671**	89,673	95,410
Total revenue	**2,191,519**	1,148,807	924,509
Adjusted EBITDA[1]	**329,954**	176,197	149,059
Operating income	**219,766**	101,745	87,328
Net income	**147,723**	66,887	55,788
Adjusted net income[1]	**157,575**	73,637	52,563
Net cash from operating activities	**137,691**	155,195	137,177
Free cash flow[1]	**91,771**	143,471	129,135
Per share data			
EPS – diluted	**1.57**	0.70	0.65
Adjusted EPS – diluted[1]	**1.68**	0.77	0.61
Dividends	**0.27**	0.23	0.19
As a percentage of revenue before fuel surcharge			
Adjusted EBITDA margin[1]	**17.4%**	16.6%	18.0%
Depreciation of property and equipment	**3.4%**	3.9%	5.1%
Depreciation of right-of-use assets	**1.7%**	2.2%	2.3%
Amortization of intangible assets	**0.8%**	1.4%	1.4%
Operating margin[1]	**11.6%**	9.6%	10.5%
Adjusted operating ratio[1]	**88.4%**	90.8%	90.9%

* Recasted for change in presentation currency from Canadian dollar to U.S. dollar.

Q1 Highlights

- First quarter operating income of $219.8 million increased 116% from $101.7 million the same quarter last year, benefitting from a continuing rebound in economic activity and transportation demand following pandemic-related weakness, as well as contributions from acquisitions, cost reductions enacted in response to the pandemic, strong execution across the organization, and an asset-light approach.
- Net income of $147.7 million increased 121% compared to $66.9 million in Q1 2021. Diluted earnings per share (diluted "EPS") of $1.57 increased 124%, compared to $0.70 in Q1 2021.
- Adjusted net income[1], a non-IFRS measure, of $157.6 million increased 114% compared to $73.6 million in Q1 2021.
- Adjusted diluted EPS[1], a non-IFRS measure, of $1.68 increased 118% compared to $0.77 in Q1 2021.
- Net cash from operating activities of $137.7 million compares to $155.2 million in Q1 2021, primarily due to higher working capital needs related to fuel surcharges as fuel expenditures require expedited repayment.
- Free cash flow[1], a non-IFRS measure, of $91.8 million compares to $143.5 million in Q1 2021, primarily due to higher working capital needs related to fuel surcharges as well as the Company's success in deploying capital for fleet investment.
- The Company's reportable segments performed as follows:
  - Package and Courier operating income increased 42% to $26.1 million;
  - Less-Than-Truckload operating income increased 328% to $94.8 million;
  - Truckload operating income increased 42% to $71.0 million; and
  - Logistics operating income increased 20% to $34.9 million.
- During the quarter the Company issued $300 million of private placement notes with 10, 12 and 15 year maturities at interest rates of 3.50%, 3.55% and 3.80% respectively.
  - As a result, excluding equipment financing, 78% of the Company's debt is fixed rate, with a weighted average interest rate and maturity of 3.45% and 8 years, respectively.
  - The proceeds of these notes were to repay an existing bank loan maturing in June 2022. Therefore, the transaction was leverage neutral.
- On March 15, 2022, the Board of Directors of TFI declared a quarterly dividend of $0.27 per share, compared to the $0.23 per share dividend declared in Q1 2021, a 17% increase.
- During the quarter, TFI International acquired Unity Courier Services.

[1] This is a non-IFRS measure. For a reconciliation, please r*efer to the "Non-IFRS financial measures" section below.*

ABOUT TFI INTERNATIONAL

Services

TFI International is a North American leader in the transportation and logistics industry, operating across the United States, Canada and Mexico through its subsidiaries. TFI International creates value for shareholders by identifying strategic acquisitions and managing a growing network of wholly-owned operating subsidiaries. Under the TFI International umbrella, companies benefit from financial and operational resources to build their businesses and increase their efficiency. TFI International companies service the following reportable segments:

- Package and Courier;
- Less-Than-Truckload ("LTL");
- Truckload ("TL");
- Logistics.

Seasonality of operations

The activities conducted by the Company are subject to general demand for freight transportation. Historically, demand has been relatively stable with the first quarter generally the weakest. Furthermore, during the harsh winter months, fuel consumption and maintenance costs tend to rise.

Human resources

As at March 31, 2022, the Company had 29,051 employees in TFI International's various business segments across North America. This compares to 16,408 employees as at March 31, 2021. The year-over-year increase of 12,643 is attributable to business acquisitions that added 16,068 employees offset by rationalizations affecting 3,425 employees mainly in the LTL segment. The Company believes that it has a relatively low turnover rate among its employees in Canada, and a normal turnover rate in the U.S. comparable to other U.S. carriers, and that its employee relations are very good.

Equipment

The Company believes it has the largest trucking fleet in Canada and a significant presence in the U.S. market. As at March 31, 2022, the Company had 12,953 tractors, 48,901 trailers and 6,922 independent contractors[1]. This compares to 7,832 tractors, 25,354 trailers and 7,833 independent contractors[1] as at March 31, 2021.

Facilities

TFI International's head office is in Montréal, Québec and its executive office is in Etobicoke, Ontario. As at March 31, 2022, the Company had 569 facilities, as compared to 366 facilities as at March 31, 2021. Of these, 246 are located in Canada, including 160 and 86 in Eastern and Western Canada, respectively. The Company also had 318 facilities in the United States and 12 facilities in Mexico. In the last twelve months, 228 facilities were added from business acquisitions, and terminal consolidation decreased the total number of facilities by 25, mainly in the P&C and TL segments. In Q1 2022, the Company closed 18 sites.

Customers

The Company has a diverse customer base across a broad cross-section of industries with no single client accounting for more than 5% of consolidated revenue. Because of its customer diversity, as well as the wide geographic scope of the Company's service offerings and the range of segments in which it operates, a downturn in the activities of an individual customer or customers in a particular industry would not be expected to have a material adverse impact on operations. The Company has forged strategic partnerships with other transport companies in order to extend its service offerings to customers across North America.

Revenue by Top Customers' Industry (49% of total revenue)	
Retail	34%
Manufactured Goods	15%
Building Materials	9%
Automotive	8%
Metals & Mining	7%
Services	6%
Food & Beverage	6%
Chemicals & Explosives	5%
Forest Products	3%
Energy	2%
Waste Management	1%
Others	4%

(For the year ended December 31, 2021)

[1] Disclosure updated to reflect only owner operators who were active within the quarter presented.

CONSOLIDATED RESULTS

This section provides general comments on the consolidated results of operations. A more detailed analysis is provided in the "Segmented Results" section.

2022 business acquisitions

In line with its growth strategy, the Company acquired Unity Courier Services, Inc. ("Unity") on March 19, 2022. Unity is a California-based provider of regularly scheduled same-day service and short-term delivery solutions for the US west coast.

Revenue

For the three months ended March 31, 2022, total revenue was $2,191.5 million, up 91%, or $1,042.7 million, from Q1 2021. The increase was mainly attributable to the contribution from business acquisitions of $941.9 million and an increase of $100.8 million from existing operations, which included an increase in fuel surcharge revenue of $64.9 million due to the sharp increase in fuel costs.

Operating expenses

For the three months ended March 31, 2022, the Company's operating expenses increased by $924.7 million, to $1,971.8 million, from $1,047.1 million in Q1 2021. The increase is attributable to $875.4 million from business acquisitions, and $49.3 million from existing operations.

For the three months ended March 31, 2022, material and services expenses, net of fuel surcharge, increased by $266.5 million, or $842.7 million from $576.2 million from the same period last year due mainly to the impact from business acquisitions of $268.8 million.

For the three months ended March 31, 2022, personnel expense increased 143% to $624.8 million from $257.3 million in Q1 2021. The increase is attributable to an impact from business acquisitions of $372.0 million. The personnel expense includes a $2.1 million gain on the mark-to-market of the director share units in Q1 2022 as compared to a $8.4 million loss in same prior year period.

Other operating expenses, which are primarily comprised of costs related to office and terminal rent, taxes, heating, telecommunications, maintenance and security and other general administrative expenses, increased by $62.8 million for the three months ended March 31, 2022 as compared to the same period last year, attributable primarily to the impact from business acquisitions of $57.0 million.

Operating income

For the three months ended March 31, 2022, the Company's operating income rose by $118.0 million to $219.8 million as compared to $101.7 million in the same quarter in 2021. The increase was driven by business acquisitions of $66.6 million and an increase from existing operations of $51.4 million. The increase from existing operations was due to maintaining tight controls on expenses while benefiting from increased spot rates. The operating margin as a percentage of revenue before fuel surcharge of 11.6% compared to 9.6% in Q1 2021

Finance income and costs

(unaudited) ***(in thousands of U.S. dollars)***	**Three months ended March 31**	
Finance costs (income)	**2022**	2021
Interest expense on long-term debt	**12,131**	9,872
Interest expense on lease liabilities	**3,361**	3,002
Interest income and accretion on promissory note	**(23)**	(569)
Net change in fair value and accretion expense of contingent considerations	**(43)**	259
Net foreign exchange (gain) loss	**307**	(38)
Others	**4,456**	1,909
Net finance costs	**20,189**	14,435

Interest expense on long-term debt

Interest expense on long-term debt for the three-month period ended March 31, 2022 was $2.3 million higher than the same quarter last year. The increase is attributable to a higher average debt level, based on the month-end debt levels, of $1.64 billion for Q1 2022 compared to an average debt level of $1.15 billion in Q1 2021, and is offset by a small decrease in the effective interest rate.

Net foreign exchange gain or loss and net investment hedge

The Company designates as a hedge a portion of its U.S. dollar denominated debt held against its net investments in U.S. operations. This accounting treatment allows the Company to offset the designated portion of foreign exchange gain (or loss) of its debt against the foreign exchange loss (or gain) of its net investments in U.S. operations and present them in other comprehensive income. Net foreign exchange gains or losses recorded in income or loss are attributable to the translation of the U.S. dollar portion of the Company's credit facilities not designated as a hedge and to the translation of other financial assets and liabilities denominated in currencies other than the functional currency. For the three-month period ended March 31, 2022, a gain of $8.8 million of foreign exchange variations (a gain of $7.6 million net of tax) was recorded to other comprehensive income as it relates to the translation of the debt in the net investment hedge. For the three-month period ended March 31, 2021, a gain of $2.9 million of foreign exchange variations (a gain of $2.5 million net of tax) was recorded to other comprehensive income as it relates to the translation of the debt in the net investment hedge.

Other Financial Expenses

For the three-month period ended March 31, 2022, other financial expenses increased by $2.5 million to $4.5 million as compared to $1.9 million in the prior year period. The increase is attributable to recurring bank charges and transaction fees primarily from the business acquisition of TForce Freight in 2021.

Income tax expense

For the three months ended March 31, 2022, the Company's effective tax rate was 26.0%. The income tax expense of $51.9 million reflects a $1.0 million favorable variance versus an anticipated income tax expense of $52.9 million based on the Company's statutory tax rate of 26.5%. The favorable variance is mainly due to favorable variations from tax deductions and tax exempt income of $4.8 million partially offset by a negative variation of $2.3 million for adjustments from prior periods.

Net income and adjusted net income

(unaudited) ***(in thousands of U.S. dollars, except per share data)***		**Three months ended March 31**	
	2022	2021	2020*
Net income	**147,723**	66,887	55,788
Amortization of intangible assets related to business acquisitions	**13,097**	13,305	10,716
Net change in fair value and accretion expense of contingent considerations	**(43)**	259	51
Net change in fair value of derivatives	**—**	—	479
Net foreign exchange (gain) loss	**307**	(38)	(1,249)
Bargain purchase gain	**—**	—	(4,008)
Gain on sale of land and buildings and assets held for sale	**(44)**	(3,823)	(7,637)
Tax impact of adjustments	**(3,465)**	(2,953)	(1,577)
Adjusted net income[1]	**157,575**	73,637	52,563
Adjusted EPS – basic[1]	**1.71**	0.79	0.62
Adjusted EPS – diluted[1]	**1.68**	0.77	0.61

*Recasted for change in presentation currency from Canadian dollar to U.S. dollar.

For the three months ended March 31, 2022, TFI International's net income was $147.7 million as compared to $66.9 million in Q1 2021. The Company's adjusted net income[1], a non-IFRS measure, which excludes items listed in the above table, was $157.6 million as compared to $73.6 million in Q1 2021, an increase of 114% or $55.3 million. Adjusted EPS, fully diluted, increased by $0.91 to $1.68 from $0.77 in Q1 2021.

[1] *This is a non-IFRS. For the reconciliation, refer to the "Non-IFRS financial measures" section below.*

SEGMENTED RESULTS

To facilitate the comparison of business level activity and operating costs between periods, the Company compares the revenue before fuel surcharge ("revenue") and reallocates the fuel surcharge revenue to materials and services expenses within operating expenses. Note that "Total revenue" is not affected by this reallocation.

Selected segmented financial information

(unaudited) *(in thousands of U.S. dollars)*	Package and Courier	Less-Than-Truckload	Truckload	Logistics	Corporate	Eliminations	Total
Three months ended March 31, 2022							
Revenue before fuel surcharge[1]	**124,580**	**835,399**	**515,925**	**435,378**	**—**	**(17,434)**	**1,893,848**
% of total revenue[2]	**7%**	**45%**	**28%**	**20%**			**100%**
Adjusted EBITDA[3]	**32,939**	**132,272**	**127,212**	**44,325**	**(6,794)**	**—**	**329,954**
Adjusted EBITDA margin[3,4]	**26.4%**	**15.8%**	**24.7%**	**10.2%**			**16.9%**
Operating income (loss)	**26,085**	**94,770**	**71,028**	**34,882**	**(6,999)**	**—**	**219,766**
Operating margin[3,4]	**20.9%**	**11.3%**	**13.8%**	**8.0%**			**11.6%**
Total assets less intangible assets[3]	**186,640**	**2,140,174**	**1,368,297**	**307,403**	**97,386**	**—**	**4,099,900**
Net capital expenditures[3]	**3,146**	**45,277**	**(5,906)**	**507**	**81**	—	**43,105**
Three months ended March 31, 2021							
Revenue before fuel surcharge[1]	131,523	131,626	424,567	378,392	—	(6,974)	1,059,134
% of total revenue[2]	13%	13%	41%	33%			100%
Adjusted EBITDA[3]	24,863	34,639	94,617	39,377	(17,299)	—	176,197
Adjusted EBITDA margin[3,4]	18.9%	26.3%	22.3%	10.4%			16.6%
Operating income (loss)	18,324	22,136	50,006	29,060	(17,781)	—	101,745
Operating margin[3,4]	13.9%	16.8%	11.8%	7.7%			9.6%
Total assets less intangible assets[3]	182,277	402,509	1,194,462	257,802	438,835		2,475,885
Net capital expenditures[3]	1,044	3,096	5,708	4	20	—	9,872

[1] Includes intersegment revenue.
[2] Segment revenue including fuel surcharge and intersegment revenue to consolidated revenue including fuel surcharge and intersegment revenue.
[3] This is a non-IFRS measures. For a reconciliation, refer to the "Non-IFRS financial measures" section below.
[4] As a percentage of revenue before fuel surcharge.

Package and Courier

(unaudited) *(in thousands of U.S. dollars)*	Three months ended March 31 2022	%	2021	%
Total revenue	**152,835**		145,965	
Fuel surcharge	**(28,255)**		(14,442)	
Revenue	**124,580**	**100.0%**	131,523	100.0%
Materials and services expenses (net of fuel surcharge)	**46,866**	**37.6%**	61,057	46.4%
Personnel expenses	**37,845**	**30.4%**	38,380	29.2%
Other operating expenses	**7,121**	**5.7%**	7,245	5.5%
Depreciation of property and equipment	**3,341**	**2.7%**	3,038	2.3%
Depreciation of right-of-use assets	**3,349**	**2.7%**	3,245	2.5%
Amortization of intangible assets	**164**	**0.1%**	256	0.2%
Gain on sale of rolling stock and equipment	**(191)**	**-0.2%**	(17)	-0.0%
Gain on derecognition of right-of-use assets	**-**	**-**	(5)	-0.0%
Operating income	**26,085**	**20.9%**	18,324	13.9%
Adjusted EBITDA[1]	**32,939**	**26.4%**	24,863	18.9%
Return on invested capital[1]		**26.4%**		20.4%

[1] This is a non-IFRS measure. For a reconciliation, refer to the "Non-IFRS financial measures" section below.

Operational data *(unaudited)* *(Revenue in U.S. dollars)*	Three months ended March 31 2022	2021	Variance	%
Revenue per pound (including fuel)	**$0.47**	$0.46	$0.01	2.2%
Revenue per pound (excluding fuel)	**$0.39**	$0.41	$(0.02)	-4.9%
Revenue per package (excluding fuel)	**$6.07**	$6.06	$0.01	0.2%
Tonnage (in thousands of metric tons)	**146**	145	1	0.7%
Packages (in thousands)	**20,508**	21,700	(1,192)	-5.5%
Average weight per package (in lbs.)	**15.69**	14.73	0.96	6.5%
Vehicle count, average	**1,139**	1,039	100	9.6%
Weekly revenue per vehicle (incl. fuel, in thousands of U.S. dollars)	**$10.32**	$10.81	$(0.49)	-4.5%

Revenue

For the three months ended March 31, 2022, revenue decreased by $6.9 million or 5.3%, from $131.5 million in 2021 to $124.6 million. This decrease is mostly attributable to a 5.5% decrease in packages offset by a 0.2% increase in revenue per package (excluding fuel surcharge). The increase in revenue per package is attributable to a 6.5% increase in average weight per package and reduced by a decrease of 4.9% in revenue per pound. The decrease in packages is attributable to demarketing of low yield business-to-consumer deliveries and a market wide reduction in business-to-consumer volume. The increase in weight per package is mainly attributable to the increase of business-to-business' share of the total volume.

Operating expenses

For the three months ended March 31, 2022, materials and services expenses, net of fuel surcharge revenue, decreased $14.2 million or 23.2%, mostly due to an increase of $13.8 million in fuel surcharge revenue. Personnel expenses decreased by $0.5 million or 1.4% primarily from a $2.2 million decrease in direct labor offset by an increase of $1.0 million in administrative salaries. The decrease in direct labor and agent contractor costs is primarily attributable to the decrease in overall volume.

Operating income

Operating income for the three months ended March 31, 2022, increased by $7.8 million or 42.4% compared to the first quarter of 2021 and the operating margin was 20.9%, a strong improvement when compared to 13.9% for the same period in 2021.

The return on invested capital increased 600 basis points, from 20.4% in the trailing twelve months ended March 31, 2021, to 26.4% in the trailing twelve months ended March 31, 2022. This is due primarily due to an increase in operating income over the same period.

Less-Than-Truckload

(unaudited)			Three months ended March 31	
(in thousands of U.S. dollars)	**2022**	**%**	2021	**%**
Total revenue	**1,000,110**		150,522	
Fuel surcharge	**(164,711)**		(18,896)	
Revenue	**835,399**	**100.0%**	131,626	100.0%
Materials and services expenses (net of fuel surcharge)	**267,080**	**32.0%**	60,243	45.8%
Personnel expenses	**378,896**	**45.4%**	32,386	24.6%
Other operating expenses	**57,374**	**6.9%**	4,454	3.4%
Depreciation of property and equipment	**25,555**	**3.1%**	4,552	3.5%
Depreciation of right-of-use assets	**9,647**	**1.2%**	5,723	4.3%
Amortization of intangible assets	**2,300**	**0.3%**	2,237	1.7%
Gain on sale of rolling stock and equipment	**(301)**	**-0.0%**	(63)	-0.0%
(Gain) loss on derecognition of right-of-use assets	**78**	**0.0%**	(33)	-0.0%
Gain on sale of land and buildings and assets held for sale	**—**	**0.0%**	(9)	0.0%
Operating income	**94,770**	**11.3%**	22,136	16.8%
Adjusted EBITDA[1]	**132,272**	**15.8%**	34,639	26.3%

[1] This is a non-IFRS measure. For a reconciliation, refer to the "Non-IFRS financial measures" section below.

Operational data				
(unaudited)			Three months ended March 31	
(Revenue in U.S. dollars)	**2022**	2021	Variance	%
U.S. LTL				
Revenue (in thousands of dollars)[1]	**581,421**	638	580,784	NM
Adjusted Operating Ratio[2]	**90.7%**	89.8%		
Revenue per hundredweight (excluding fuel)[1]	**$29.01**	-	$29.01	
Revenue per shipment (excluding fuel)[1]	**$315.48**	-	$315.48	
Tonnage (in thousands of tons)[1]	**1,002**	-	1,002	
Shipments (in thousands)[1]	**1,843**	-	1,843	
Average weight per shipment (in lbs)[1]	**1,087**	-	1,087	
Average length of haul (in miles)[1]	**1,104**	-	1,104	
Vehicle count, average	**4,501**	8	4,493	NM
Return on invested capital[2,3]	**22.0%**	-		
Canadian LTL				
Revenue (in thousands of dollars)	**142,498**	131,626	10,872	8.3%
Adjusted Operating Ratio[2]	**79.1%**	83.2%		
Revenue per hundredweight (excluding fuel)	**$11.53**	$10.30	$1.23	11.9%
Revenue per shipment (excluding fuel)	**$244.00**	$222.72	$21.28	9.6%
Tonnage (in thousands of tons)	**618**	639	(21)	-3.3%
Shipments (in thousands)	**584**	591	(7)	-1.2%
Average weight per shipment (in lbs)	**2,116**	2,162	(46)	-2.1%
Average length of haul (in miles)	**776**	757	19	2.5%
Vehicle count, average	**798**	872	(74)	-8.5%
Return on invested capital[2]	**18.4%**	15.4%		

[1] Operational statistics exclude figures from Ground Freight Pricing ("GFP").
[2] This is a non-IFRS measure. For a reconciliation please refer to the "Non-IFRS and Other Financial Measures" section below.
[3] Comparative return on invested capital for 2021 is not disclosed as the segment was created post UPS Freight acquisition in Q2 2021.

Revenue

For the three months ended March 31, 2022, revenue before fuel surcharge increased by $703.8 million to $835.4 million. This increase is mainly due to the acquisition of UPS Freight that contributed $695.0 million. In the U.S. LTL, the Company continued to implement actions on selected accounts to increase the quality of the freight, with a focus on freight that fits the network and that the Company can serve efficiently. This led to a 2.1% increase in the average weight per shipment when compared to the fourth quarter of 2021. In addition, the Company implemented increases in base rates and accessorial revenue to further improve the yield, which led to a 1.5% increase in revenue per shipment (excluding fuel) when compared to the fourth quarter of 2021, and a 11.5% increase when compared to the second quarter of 2021. Revenue from the existing operations increased $8.7 million or 6.6%. In Canadian LTL, this increase in revenue is due to a 9.6% increase in revenue per shipment (excluding fuel) partially offset by a 1.2% decrease in shipments. The increase in revenue per shipment is the result of an 11.9% increase in revenue per hundredweight partially offset by a 2.1% decrease in average weight per shipment. Continuous improvement to shipment profile, focus on improving the quality of freight and account-level yield management drove the yield improvement versus 2021.

Operating expenses

For the three months ended March 31, 2022, materials and services expenses, net of fuel surcharge revenue, increased $206.8 million, including $211.7 million increase attributable to business acquisition. This was partially offset by $14.0 million higher fuel surcharge revenue net of $5.6 million from higher sub-contractor cost in the rest of the LTL segment. Personnel expenses increased $346.5 million, with $341.4 million coming from business acquisitions and $5.1 million from existing operations mostly from a reduction in Canada Emergency Wage Subsidy. Other operating expenses increased $52.9 million due primarily to the business acquisition of UPS Freight combined with a $1.0 million increase in real estates costs from the Canadian LTL operations.

Operating income

Operating income for the three months ended March 31, 2022, increased $72.6 million to $94.8 million. This increase includes a $65.2 million contribution from business acquisitions and an increase of $7.5 million, or 33.8%, from existing operations. Adjusted operating ratio, a non-IFRS measure, of the Canadian LTL operations improved to 79.1% in the first quarter of 2022 as compared to 83.2% the same quarter in 2021. With the focus on improving freight profile by identifying shipments that fits the Company's network, US LTL operations, mostly represented by the UPS Freight acquisition, achieved a 90.7% adjusted operating ratio, a non-IFRS measure, in the first quarter of 2022 from a strong focus on yield improvement combined with a focus on productivity.

The return on invested capital, a non-IFRS measure, of our Canadian based LTL segment was 18.4% in the first quarter of 2022, a 300 basis point increase from 15.4% in the first quarter of 2021. That increase is mostly related to materially higher operating income, partially reduced because of slightly higher invested capital.

Truckload

(unaudited)			Three months ended March 31	
(in thousands of U.S. dollars)	**2022**	**%**	2021	**%**
Total revenue	**609,674**		474,606	
Fuel surcharge	**(93,749)**		(50,039)	
Revenue	**515,925**	**100.0%**	424,567	100.0%
Materials and services expenses (net of fuel surcharge)	**225,493**	**43.7%**	181,334	42.7%
Personnel expenses	**163,160**	**31.6%**	137,625	32.4%
Other operating expenses	**19,521**	**3.8%**	14,614	3.4%
Depreciation of property and equipment	**35,057**	**6.8%**	33,101	7.8%
Depreciation of right-of-use assets	**14,856**	**2.9%**	10,324	2.4%
Amortization of intangible assets	**6,315**	**1.2%**	5,115	1.2%
Gain on sale of rolling stock and equipment	**(19,334)**	**-3.7%**	(3,527)	-0.8%
Gain on derecognition of right-of-use assets	**(127)**	**-0.0%**	(96)	-0.0%
Gain on sale of land and buildings and assets held for sale	**(44)**	**-0.0%**	(3,929)	-0.9%
Operating income	**71,028**	**13.8%**	50,006	11.8%
Adjusted EBITDA[1]	**127,212**	**24.7%**	94,617	22.3%

Operational data			Three months ended March 31	
(unaudited)	**2022**	2021	Variance	%
U.S. based Conventional TL				
Revenue (in thousands of U.S. dollars)	**191,765**	155,619	36,147	23.2%
Adjusted operating ratio	**89.1%**	93.4%		
Total mileage (in thousands)	**79,681**	81,286	(1,605)	-2.0%
Tractor count, average	**3,320**	2,854	467	16.4%
Trailer count, average	**11,578**	10,856	722	6.6%
Tractor age	**3.0**	2.4	0.6	27.2%
Trailer age	**8.0**	7.3	0.7	9.8%
Number of owner operators, average	**324**	533	(209)	-39.3%
Return on invested capital[1]	**6.5%**	5.5%		
Canadian based Conventional TL				
Revenue (in thousands of U.S. dollars)	**76,307**	55,792	20,515	36.8%
Adjusted operating ratio	**85.6%**	88.1%		
Total mileage (in thousands)	**23,159**	22,151	1,008	4.6%
Tractor count, average	**694**	624	70	11.2%
Trailer count, average	**3,512**	2,748	763	27.8%
Tractor age	**3.1**	2.6	0.5	17.2%
Trailer age	**7.2**	5.2	2.0	38.2%
Number of owner operators, average	**288**	307	(19)	-6.3%
Return on invested capital[1]	**11.9%**	11.8%		
Specialized TL				
Revenue (in thousands of U.S. dollars)	**249,884**	214,237	35,647	16.6%
Adjusted operating ratio	**84.4%**	86.4%		
Tractor count, average	**2,246**	2,307	(61)	-2.6%
Trailer count, average	**7,128**	6,643	485	7.3%
Tractor age	**3.9**	3.8	0.1	2.2%
Trailer age	**12.5**	12.8	(0.3)	-2.6%
Number of owner operators, average	**1,085**	1,052	33	3.1%
Return on invested capital[1]	**11.7%**	10.9%		

[1] This is a non-IFRS measure. For a reconciliation, please refer to the "Non-IFRS Financial Measures" section below.

Revenue

For the three months ended March 31, 2022, revenue increased by $91.4 million, or 21.5%, from $424.6 million in Q1 2021 to $515.9 million. This increase was mainly due to contributions from business acquisitions of $90.1 million. For U.S. based conventional TL, revenue increased by $36.1 million, or 23.2%, compared to prior year period. The increase was due primarily to $49.2 million in revenue from the business acquisition of TForce Freight's TL division, offset by a decline in revenue from existing U.S. based conventional TL operations. The strong pricing and tight capacity in the U.S. market led to a 21.4% improvement year over year in revenue per mile. Miles per tractor declined by 8.9%, which is attributable to unseated tractors resulting from limited driver availability. For the three months ended March 31, 2022, the average unseated tractors percentage in the U.S. based conventional TL existing operations remained high at 13.4%, compared to 13.8% in 2021. For Canadian based conventional TL operations, revenue increased by $20.5 million, or 36.8%, compared to the same prior year period, primarily from organic growth in existing operations of $12.7 million. The increase was due to a 20.9% improvement in revenue per tractor, driven by a 22.0% improvement in revenue per mile, with miles broadly flat year over year. For Specialized TL, revenue increased by $35.6 million, or 16.6%, compared to the prior year period, primarily from contributions from business acquisitions of $26.6 million and organic growth of $9.0 million.

Operating expenses

For the three months ended March 31, 2022, operating expenses, net of fuel surcharge, increased by $70.3 million or 19%, from $374.6 million in 2021 to $444.9 million in 2022. This is mainly due to $88.8 million in operating expenses, net of fuel surcharge, from business acquisitions, partially offset by a decrease in operating expenses, net of fuel surcharge, from existing truckload operations. The Company continues to improve its cost structure and increase the efficiency and profitability of its existing fleet and network of independent contractors. In U.S. based conventional truckload, as a result of the assets acquired in the business acquisition of TForce Freight's TL division, the Company continues to evaluate its level of excess equipment and started to dispose of excess equipment generating an additional $15.8 million gain when compared to the same prior year period.

Operating income

For the three months ended March 31, 2022, the TL segment's operating ratio was 86.2%, which improved from 88.2% in the same prior year period. Operating income for the TL segment was $71.0 million for the three months ended March 31, 2022, up from $50.0 million in the first quarter of 2021.

The return on invested capital, a non-IFRS measure, for U.S. based and Canadian based Conventional TL was 6.5% and 11.9% compared to 5.5% and 11.8%, respectively, for the same prior year period, reflecting an increase in operating income. The return on invested capital, a non-IFRS measure, for the Specialized TL segment increased to 11.7% as compared to 10.9% in the same prior year period due primarily to an increase in operating income.

Logistics

(unaudited)			Three months ended March 31	
(in thousands of U.S. dollars)	**2022**	**%**	2021	**%**
Total revenue	**449,420**		385,378	
Fuel surcharge	**(14,042)**		(6,986)	
Revenue	**435,378**	**100.0%**	378,392	100.0%
Materials and services expenses (net of fuel surcharge)	**329,021**	**75.6%**	286,438	75.7%
Personnel expenses	**31,086**	**7.1%**	28,849	7.6%
Other operating expenses	**30,954**	**7.1%**	23,985	6.3%
Depreciation of property and equipment	**371**	**0.1%**	412	0.1%
Depreciation of right-of-use assets	**3,672**	**0.8%**	3,495	0.9%
Amortization of intangible assets	**5,400**	**1.2%**	6,410	1.7%
Loss on sale of rolling stock and equipment	**—**	**—**	2	0.0%
Gain on derecognition of right-of-use assets	**(8)**	**-0.0%**	(259)	-0.1%
Operating income	**34,882**	**8.0%**	29,060	7.7%
Adjusted EBITDA[1]	**44,325**	**10.2%**	39,377	10.4%
Return on invested capital[1]		**20.0%**		18.6%

[1] This is a non-IFRS measure. For a reconciliation, refer to the "Non-IFRS financial measures" section below.

Revenue

For the three months ended March 31, 2022, revenue increased by $57.0 million, or 15%, from $378.4 million in 2021 to $435.4 million in 2022. Excluding business acquisition, revenue increased by $43.3 million, or 11%, mainly due to the 3PL volume improvement in the U.S and the remaining $12.2 million is due to the acquisition of the TForce Freight Logistics segment during the second quarter of 2021.

Approximately 78% (2021 – 75%) of the Logistics segment's revenues in the quarter were generated from operations in the U.S. and approximately 22% (2021 – 25%) were generated from operations in Canada and Mexico.

Operating expenses

For the three months ended March 31, 2022, total operating expenses, net of fuel surcharge increased by $51.2 million, or 15% relative to the same prior year period, from $349.3 million to $400.5 million. Business acquisitions accounted for $13.6 million and total operating expenses, net of fuel surcharge increased by $37.5 million for existing operations. For the existing operations, materials and services expenses (net of fuel surcharge) increased by $33.0 million related to revenue growth. In addition, other operating expenses increased by $6.3 million mostly due to TFWW agent commission related to higher 3PL revenue.

Operating income

Operating income for the three months ended March 31, 2022 increased by $5.8 million, or 20%, from $29.1 million to $34.9 million. Excluding business acquisitions, operating margin increased by $5.7 million, mainly as a result of better quality revenue and margin improvement in our 3PL US businesses.

The return on invested capital increased to 20.0% from 18.6% in the same prior year period. This increase is due primarily to organic growth and operating margin expansion in existing operations.

LIQUIDITY AND CAPITAL RESOURCES

Sources and uses of cash

(unaudited) *(in thousands of U.S. dollars)*	**Three months ended March 31** **2022**	2021
Sources of cash:		
Net cash from operating activities	**137,691**	155,195
Proceeds from sale of property and equipment	**43,915**	17,000
Proceeds from sale of assets held for sale	**—**	6,491
Net variance in cash and bank indebtedness	**—**	—
Net proceeds from long-term debt	**86,716**	361,589
Others	**5,125**	10,407
Total sources	**273,447**	550,682
Uses of cash:		
Purchases of property and equipment	**90,426**	37,369
Business combinations, net of cash acquired	**22,235**	19,019
Net variance in cash and bank indebtedness	**1,552**	401,499
Repayment of lease liabilities	**30,627**	24,161
Dividends paid	**24,940**	21,273
Repurchase of own shares	**74,029**	46,087
Others	**29,638**	1,274
Total usage	**273,447**	550,682

Cash flow from operating activities

For the three-month period ended March 31, 2022, net cash from operating activities decreased by 11% to $137.7 million from $155.2 million in 2021. The $17.5 million decrease is attributable primarily to declines in non-cash working capital of $175.4 million, resulting primarily from an increase in fuel surcharge, and $16.3 million from gains on the sale of property and equipment. These declines are offset by increases in net income of $80.8 million, increase in depreciation expenses of $31.9 million, increase in provisions net of payments of $16.7 million and increase in income taxes of $36.0 million. The increase in taxes is due to an increase in profits.

Cash flow used in investing activities

Property and equipment

The following table presents the additions of property and equipment by category for the three-month periods ended March 31, 2022 and 2021.

(unaudited) *(in thousands of U.S. dollars)*	**Three months ended March 31** **2022**	2021
Additions to property and equipment:		
Purchases as stated on cash flow statements	**90,426**	37,369
Non-cash adjustments	**(591)**	(2,154)
	89,835	35,215
Additions by category:		
Land and buildings	**2,882**	7,980
Rolling stock	**81,873**	24,425
Equipment	**5,080**	2,810
	89,835	35,215

The Company invests in new equipment to maintain its quality of service while minimizing maintenance costs. Its capital expenditures reflect the level of reinvestment required to keep its equipment in good order and to maintain a strategic allocation of its capital resources. The increase in additions in 2022 compared to 2021 is due primarily to the fleet renewal of TForce Freight, acquired in the second quarter of 2021. In addition, the procurement of equipment was difficult in 2021 resulting in lower capital expenditures.

In the normal course of activities, the Company constantly renews its rolling stock equipment generating regular proceeds and gain or loss on disposition. The following table indicates the proceeds and gains or losses from sale of property and equipment and assets held for sale by category for the three-month periods ended March 31, 2022 and 2021.

(unaudited) *(in thousands of U.S. dollars)*	**Three months ended March 31**	
	2022	2021
Proceeds by category:		
Land and buildings	**67**	6,128
Rolling stock	**42,097**	17,363
Equipment	**1,751**	—
	43,915	23,491
Gains (losses) by category:		
Land and buildings	**44**	3,823
Rolling stock	**18,342**	3,781
Equipment	**1,484**	(61)
	19,870	7,543

Business acquisitions

For the three-month period ended March 31, 2022, cash used in business acquisitions, net of cash acquired, totalled $22.2 million to acquire one business. Refer to the section of this report entitled "2022 business acquisitions" and further information can be found in note 5 of the March 31, 2022 unaudited condensed consolidated interim financial statements.

Purchase of investments

For the three-month period ended March 31, 2022, cash used in the purchase of investments was $27.6 million (2021 – nil). These investments have been elected to be measured at fair value through OCI.

Cash flow used in financing activities

Debt

On March 23, 2022, the Company received $200 million in proceeds from the issuance of new debt taking the form of unsecured senior notes consisting of two tranches maturing on March 23, 2032, and 2037, bearing a fixed interest rate of 3.50% and 3.80%. Deferred financing fees of $0.3 million were recognized on the amount.

On March 23, 2022, the Company received an additional $100 million in proceeds from the amendment and restatement of the debt agreement signed on July 2, 2021, taking the form of unsecured senior notes as the third tranche maturing on April 2, 2034, bearing a fixed interest rate of 3.55%. Deferred financing fees of $0.1 million were recognized on the increase.

The two debt instruments described above are subject to certain covenants regarding the maintenance of financial ratios. These are the same covenants as previously required by the Company's syndicated revolving credit agreement as described in note 25(f) of the 2021 annual consolidated financial statements.

The proceeds of two debt issuances were used in full to pay off the unsecured term loan which was due in June 2022 without any penalty.

NCIB on common shares

Pursuant to the renewal of the normal course issuer bid ("NCIB"), which began on November 2, 2021 and is ending on November 1, 2022, the Company is authorized to repurchase for cancellation up to a maximum of 7,000,000 of its common shares under certain conditions. As at March 31, 2022, and since the inception of this NCIB, the Company has repurchased and cancelled 1,735,600 common shares.

For the three-month period ended March 31, 2022, the Company repurchased 735,600 common shares (as compared to 642,200 during the same period in 2021) at a weighted average price of $100.64 per share (as compared to $71.76 in the prior year period) for a total purchase price of $74.0 million (as compared to $46.1 million the prior year period).

Free cash flow[1]

(unaudited) *(in thousands of U.S. dollars)*		Three months ended March 31	
	2022	2021	2020*
Net cash from operating activities	**137,691**	155,195	137,177
Additions to property and equipment	**(89,835)**	(35,215)	(26,763)
Proceeds from sale of property and equipment	**43,915**	17,000	8,053
Proceeds from sale of assets held for sale	**—**	6,491	10,668
Free cash flow	**91,771**	143,471	129,135

*Recasted for change in presentation currency from Canadian dollar to U.S. dollar.

The Company's objectives when managing its cash flow from operations are to ensure proper capital investment in order to provide stability and competitiveness for its operations, to ensure sufficient liquidity to pursue its growth strategy, and to undertake selective business acquisitions within a sound capital structure and a solid financial position.

For the three-month period ended March 31, 2022, TFI International generated free cash flow of $91.8 million, compared to $143.5 million in 2021, which represents a year-over-year decrease of $51.7 million, or 36%. The decrease in net cash from operating activities is attributable to declines in non-cash working capital of $175.4 million, resulting primarily from an increase in fuel surcharge, and an adjustment to net income of $16.3 million from gains on the sale of property and equipment. These declines are offset by increases in net income of $80.8 million, increase in depreciation expenses of $31.9 million, increase in provisions net of payments of $16.7 million and increase in income taxes of $36.0 million. The increase in taxes is due to an increase in profits. The additions to property and equipment increased by $54.6 million as compared to the same prior year period as a result of fleet renewals from the prior year acquisitions, specifically TForce Freight, and due to the difficultly in procuring equipment in 2021. The proceeds from the sale of property and equipment and assets held for sale increased by $20.4 million as compared to the prior year, due to the replenishment of the fleet and increased prices in the market.

Free cash flow conversion[1], which measures the level of capital employed to generate earnings, for the three-month period ended March 31, 2022, of 86.9% compares to 94.4% in the same prior year period, as net capital expenditures in 2022 increased from the previous period.

Based on the March 31, 2022 closing share price of $106.51, the free cash flow[1] generated by the Company in the preceding twelve months ($649.2 million, or $7.09 per share outstanding) represented a yield of 6.7%.

[1] *This is a non-IFRS measure. Refer to the "Non-IFRS financial measures" section below.*

Financial position

(unaudited) *(in thousands of U.S. dollars)*	**As at March 31, 2022**	As at December 31, 2021
Intangible assets	**1,833,853**	1,792,921
Total assets, less intangible assets[1]	**4,099,900**	3,960,202
Long-term debt	**1,701,803**	1,608,094
Lease liabilities	**413,593**	429,206
Shareholders' equity	**2,278,524**	2,220,311

[1] *This is a non-IFRS measure. Refer to the reconciliation in “Non-IFRS financial measures” below.*

Compared to December 31, 2021, the Company’s total assets less intangible assets, long-term debt and shareholders’ equity increased. The increase in the total assets, less intangible assets can be attributed to the increase in working capital from the increase in revenue in addition to the increase in other assets from investments while the increase in shareholder’s equity is mostly due to the repurchase and cancellation of the shares. The increase in debt corresponds with these increases.

Contractual obligations, commitments, contingencies and off-balance sheet arrangements

The following table indicates the Company’s contractual obligations with their respective maturity dates at March 31, 2022, including future interest payments.

(unaudited) *(in thousands of U.S. dollars)*	**Total**	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**After 5 years**
Unsecured revolving facility – *August 2025*	**358,601**	—	—	358,601	—
Unsecured term loan – *June 2022*	**—**	—	—	—	—
Unsecured debenture – *December 2024*	**159,719**	—	159,719	—	—
Unsecured senior notes – *December 2026 to March 2037*	**1,080,000**	—	—	—	1,080,000
Conditional sales contracts	**108,468**	40,809	50,023	16,857	779
Lease liabilities	**413,593**	113,979	166,120	67,521	65,973
Interest on debt and lease liabilities	**442,714**	55,963	99,679	79,641	207,432
Total contractual obligations	**2,563,095**	**210,751**	**475,541**	**522,620**	**1,354,184**

On March 23, 2022, the Company received $200 million in proceeds from the issuance of new debt taking the form of unsecured senior notes consisting of two tranches maturing on March 23, 2032, and 2037, bearing a fixed interest rate of 3.50% and 3.80%. Deferred financing fees of $0.3 million were recognized on the amount.

On March 23, 2022, the Company received an additional $100 million in proceeds from the amendment and restatement of the debt agreement signed on July 2, 2021, taking the form of unsecured senior notes as the third tranche maturing on April 2, 2034, bearing a fixed interest rate of 3.55%. Deferred financing fees of $0.1 million were recognized on the amount.

The unsecured term loan of $326.1 million which was due in June 2022 was repaid in full with the proceeds from the two debt issuances above.

The following table indicates the Company’s financial covenants to be maintained under its credit facility. These covenants are measured on a consolidated rolling twelve-month basis and are calculated as prescribed by the credit agreement which, among other things, requires the exclusion of the impact of the new standard IFRS 16 Leases:

Covenants	***Requirements***	***As at March 31, 2022***
Funded debt-to- EBITDA ratio [ratio of total debt, net of cash, plus letters of credit and some other long-term liabilities to earnings before interest, income tax, depreciation and amortization (“EBITDA”), including last twelve months adjusted EBITDA from business acquisitions]	< 3.50	1.50
EBITDAR Coverage Ratio [ratio of EBITDAR (EBITDA before rent and including last twelve months adjusted EBITDAR from business acquisitions) to interest and net rent expenses]	> 1.75	5.77

As at March 31, 2022, the Company had $49.5 million of outstanding letters of credit ($47.4 million on December 31, 2021).

As at March 31, 2022, the Company had $148.4 million of purchase commitments and $5.6 million of purchase orders that the Company intends to enter into a lease that is expected to materialize within a year (December 31, 2021 – $75.1 million and $13.2 million, respectively).

Dividends and outstanding share data

Dividends

The Company declared $24.7 million in dividends, or $0.27 per common share, in the first quarter of 2022. On April 28, 2022, the Board of Directors approved a quarterly dividend of $0.27 per outstanding common share of the Company's capital, for an expected aggregate payment of $24.7 million to be paid on July 15, 2022, to shareholders of record at the close of business on June 30, 2022.

Outstanding shares and share-based awards

A total of 91,599,354 common shares were outstanding as at March 31, 2022 (December 31, 2021 – 92,152,893). There was no material change in the Company's outstanding share capital between March 31, 2022 and April 28, 2022.

As at March 31, 2022, the number of outstanding options to acquire common shares issued under the Company's stock option plan was 1,878,899 (December 31, 2021 – 2,060,960) of which 1,523,223 were exercisable (December 31, 2021 – 1,705,284). Each stock option entitles the holder to purchase one common share of the Company at an exercise price based on the volume-weighted average trading price of the Company's shares for the last five trading days immediately preceding the effective date of the grant.

As at March 31, 2022, the number of restricted share units (''RSUs'') granted under the Company's equity incentive plan to its senior employees was 333,940 (December 31, 2021 – 271,703). On February 7, 2022, the Board of Directors approved the grant of 63,404 RSUs under the Company's equity incentive plan. The RSUs will vest in February of the third year following the grant date. Upon satisfaction of the required service period, the plan provides for settlement of the award through shares.

As at March 31, 2022, the number of performance share units (''PSUs'') granted under the Company's equity incentive plan to its senior employees was 287,925 (December 31, 2021 – 225,765). On February 7, 2022, the Board of Directors approved the grant of 63,404 PSUs under the Company's equity incentive plan. The PSUs will vest in February of the third year following the grant date. Upon satisfaction of the required service period, the plan provides for settlement of the award through shares.

Legal proceedings

The Company is involved in litigation arising from the ordinary course of business primarily involving claims for bodily injury and property damage. It is not feasible to predict or determine the outcome of these or similar proceedings. However, the Company believes the ultimate recovery or liability, if any, resulting from such litigation individually or in total would not materially adversely nor positively affect the Company's financial condition or performance and, if necessary, has been provided for in the financial statements.

OUTLOOK

The North American economy has shown recent potential for slowing due to higher inflation, rising interest rates, elevated energy prices, global supply chain challenges and other factors. However, TFI International serves a highly diverse set of industrial and consumer end markets, across many modes of transportation, which delivered very strong results for TFI in the first quarter. Nonetheless, macro uncertainty persists and several leading economists see the possibility of economic recession over the coming year.

TFI International has successfully navigated recent macro challenges and management remains vigilant in its monitoring for new potential risks, including additional COVID-19 variants and the potential economic disruption they could cause, risks related to energy prices, supply chain disruption, driver availability and higher wages. As in the past, factors such as these may cause additional rounds of declining freight volumes and higher costs, adversely affect TFI's operating companies and the markets they serve. Additional uncertainties include but are not limited to escalating geopolitical risk, policy changes surrounding international trade, environmental mandates and changes to the tax code in any jurisdictions in which TFI International operates.

Management believes the Company is well positioned for continued solid operational and financial performance in 2022 due to its strong financial foundation, its lean cost structure, and a longstanding focus on profitability, efficiency, network density, customer service, optimizing pricing, driver retention, and the rationalization of assets to avoid internal overcapacity. TFI continues to have material synergy opportunities related to 2021's acquisition of UPS Freight (now TForce Freight), the integration of which continues as planned, and the Company also has meaningful opportunities to enhance performance within its US Truckload and US LTL operations. In addition, the Company's industrial exposure through specialized TL and LTL should benefit from increased domestic manufacturing as a result of reduced imports from abroad due to global supply chain issues. Finally, TFI is well positioned to benefit from the ongoing expansion of e-commerce, which provides both growth and margin expansion opportunities for its P&C and Logistics business segments.

TFI International's favorable positioning, which was significantly enhanced by last year's acquisition of UPS Freight, should enable continued solid results assuming no significant degradation in economic conditions. Longer term, regardless of the operating environment, management's goal is to build shareholder value through consistent adherence to its operating principles, including customer focus, an asset-light approach, and continual efforts to enhance efficiencies. In addition, the Company values free cash flow generation and maintaining strong liquidity, and recently further enhanced its conservative balance sheet which features a high portion of attractive fixed-rate spreads and limited near-term debt maturities. This strong financial footing allows management to prudently invest in the business and pursue select, accretive acquisitions while returning excess capital to shareholders.

SUMMARY OF EIGHT MOST RECENT QUARTERLY RESULTS

(in millions of U.S. dollars, except per share data)	Q1’22	Q4’21	Q3’21	Q2’21	Q1’21	Q4’20	Q3’20	Q2’20
Total revenue	2,191.5	2,140.9	2,094.0	1,836.7	1,148.8	1,122.0	936.1	798.5
Adjusted EBITDA[1]	330.0	318.5	296.4	285.4	176.2	193.5	189.4	167.6
Operating income	219.8	215.0	191.6	380.9	101.7	117.1	117.0	95.1
Net income	147.7	144.1	131.6	321.7	66.9	86.3	83.1	50.5
EPS – basic	1.61	1.56	1.42	3.45	0.72	0.92	0.91	0.58
EPS – diluted	1.57	1.52	1.38	3.37	0.70	0.91	0.90	0.57
Adjusted net income[1]	157.6	148.6	138.9	137.2	73.6	93.4	87.5	67.2
Adjusted EPS - diluted[1]	1.68	1.57	1.46	1.44	0.77	0.98	0.94	0.76

[1] This is a non-IFRS measure. For a reconciliation refer to the “Non-IFRS financial measures” section below.

The differences between the quarters are mainly the result of seasonality (softer in Q1) and business acquisitions. The increase in Q2 2021 is due to the recognition of a bargain purchase gain.

NON-IFRS FINANCIAL MEASURES

Financial data have been prepared in conformity with IFRS, including the following measures:

Operating expenses: Operating expenses include: a) materials and services expenses, which are primarily costs related to independent contractors and vehicle operation; vehicle operation expenses, which primarily include fuel, repairs and maintenance, vehicle leasing costs, insurance, permits and operating supplies; b) personnel expenses; c) other operating expenses, which are primarily composed of costs related to offices’ and terminals’ rent, taxes, heating, telecommunications, maintenance and security and other general administrative expenses; d) depreciation of property and equipment, depreciation of right-of-use assets, amortization of intangible assets and gain or loss on the sale of rolling stock and equipment, on derecognition of right-of use assets, on sale of business and on sale of land and buildings and assets held for sale; e) bargain purchase gain; and f) impairment of intangible assets.

Operating income (loss): Net income or loss before finance income and costs and income tax expense, as stated in the consolidated financial statements.

This MD&A includes references to certain non-IFRS financial measures as described below. These non-IFRS financial measures are not standardized financial measures under IFRS used to prepare the financial statements of the Company to which the measures relate and might not be comparable to similar financial measures disclosed by other issuers. Accordingly, they should not be considered in isolation, in addition to, not as a substitute for or superior to, measures of financial performance prepared in accordance with IFRS. The terms and definitions of non-IFRS measures used in this MD&A and a reconciliation of each non-IFRS measure to the most directly comparable IFRS measure are provided below.

Adjusted net income: Net income or loss excluding amortization of intangible assets related to business acquisitions, net change in the fair value and accretion expense of contingent considerations, net change in the fair value of derivatives, net foreign exchange gain or loss, impairment of intangible assets, bargain purchase gain, gain or loss on sale of land and buildings, assets held for sale and sale of business, gain or loss on the disposal of intangible assets and U.S. Tax Reform. In presenting an adjusted net income and adjusted EPS, the Company’s intent is to help provide an understanding of what would have been the net income and earnings per share in a context of significant business combinations and excluding specific impacts and to reflect earnings from a strictly operating perspective. The amortization of intangible assets related to business acquisitions comprises amortization expense of customer relationships, trademarks and non-compete agreements accounted for in business combinations and the income tax effects related to this amortization. Management also believes, in excluding amortization of intangible assets related to business acquisitions, it provides more information on the amortization of intangible asset expense portion, net of tax, that will not have to be replaced to preserve the Company’s ability to generate similar future cash flows. The Company excludes these items because they affect the comparability of its financial results and could potentially distort the analysis of trends in its business performance. Excluding these items does not imply they are necessarily non-recurring. See reconciliation on page 6.

Adjusted earnings per share (adjusted “EPS”) - basic: Adjusted net income divided by the weighted average number of common shares.

Adjusted EPS - diluted: Adjusted net income divided by the weighted average number of diluted common shares.

Adjusted EBITDA: Net income before finance income and costs, income tax expense, depreciation, amortization, impairment of intangible assets, bargain purchase gain, and gain or loss on sale of land and buildings, assets held for sale, sale of business, and gain or loss on disposal of intangible assets. Management believes adjusted EBITDA to be a useful supplemental measure. Adjusted EBITDA is provided to assist in determining the ability of the Company to assess its performance.

Segmented adjusted EBITDA refers to operating income (loss) before depreciation, amortization, impairment of intangible assets, bargain purchase gain, gain or loss on sale of business, land and buildings, and assets held for sale and gain or loss on disposal of intangible assets. Management believes adjusted EBITDA to be a useful supplemental measure. Adjusted EBITDA is provided to assist in determining the ability of the Company to assess its performance.

Consolidated adjusted EBITDA reconciliation:

(unaudited) *(in thousands of U.S. dollars)*			**Three months ended March 31**
	2022	2021	2020*
Net income	**147,723**	66,887	55,788
Net finance costs	**20,189**	14,435	14,342
Income tax expense	**51,854**	20,423	17,198
Depreciation of property and equipment	**64,447**	41,220	42,569
Depreciation of right-of-use assets	**31,524**	22,799	19,160
Amortization of intangible assets	**14,261**	14,371	11,655
Bargain purchase gain	**—**	—	(4,008)
(Gain) loss on sale of land and buildings	**(44)**	—	1
Gain on sale of assets held for sale	**—**	(3,938)	(7,646)
Adjusted EBITDA	**329,954**	176,197	149,059

*Recasted for change in presentation currency from Canadian dollar to U.S. dollar.

Segmented adjusted EBITDA reconciliation:

(unaudited) *(in thousands of U.S. dollars)*		**Three months ended March 31**
	2022	2021
Package and Courier		
Operating income	**26,085**	18,324
Depreciation and amortization	**6,854**	6,539
Adjusted EBITDA	**32,939**	24,863
Less-Than-Truckload		
Operating income	**94,770**	22,136
Depreciation and amortization	**37,502**	12,512
Gain on sale of assets held for sale	**—**	(9)
Adjusted EBITDA	**132,272**	34,639
Truckload		
Operating income	**71,028**	50,006
Depreciation and amortization	**56,228**	48,540
Gain on sale of land and buildings	**(44)**	—
Gain on sale of assets held for sale	**—**	(3,929)
Adjusted EBITDA	**127,212**	94,617
Logistics		
Operating income	**34,882**	29,060
Depreciation and amortization	**9,443**	10,317
Adjusted EBITDA	**44,325**	39,377
Corporate		
Operating loss	**(6,999)**	(17,781)
Depreciation and amortization	**205**	482
Adjusted EBITDA	**(6,794)**	(17,299)

Adjusted EBITDA margin is calculated as adjusted EBITDA as a percentage of revenue before fuel surcharge.

Free cash flow: Net cash from operating activities less additions to property and equipment plus proceeds from sale of property and equipment and assets held for sale. Management believes that this measure provides a benchmark to evaluate the performance of the Company in regard to its ability to meet capital requirements. See reconciliation on page 15.

Free cash flow conversion: Adjusted EBITDA less net capital expenditures, divided by the adjusted EBITDA. Management believes that this measure provides a benchmark to evaluate the performance of the Company in regard to its ability to convert its operating profit into free cash flow.

Free cash flow conversion reconciliation:

(unaudited) *(in thousands of U.S. dollars)*	**Three months ended March 31** **2022**	2021
Net income	**147,723**	66,887
Net finance costs	**20,189**	14,435
Income tax expense	**51,854**	20,423
Depreciation of property and equipment	**64,447**	41,220
Depreciation of right-of-use assets	**31,524**	22,799
Amortization of intangible assets	**14,261**	14,371
Gain on sale of land and buildings	**(44)**	—
Gain on sale of assets held for sale	**—**	(3,938)
Adjusted EBITDA	**329,954**	176,197
Net capital expenditures	**(43,105)**	(9,872)
Adjusted EBITDA less net capital expenditures	**286,849**	166,325
Free cash flow conversion	**86.9%**	94.4%

Total assets less intangible assets: Management believes that this presents a more useful basis to evaluate the return on the productive assets. The excluded intangibles relate primarily to intangibles assets acquired through business acquisitions.

(unaudited) *(in thousands of U.S. dollars)*	**Package and Courier**	**Less-Than-Truckload**	**Truckload**	**Logistics**	**Corporate**	**Eliminations**	**Total**
As at March 31, 2022							
Total assets	**382,027**	**2,328,133**	**2,321,932**	**803,972**	**97,689**	**-**	**5,933,753**
Intangible assets	**195,387**	**187,959**	**953,635**	**496,569**	**303**	**-**	**1,833,853**
Total assets less intangible assets	**186,640**	**2,140,174**	**1,368,297**	**307,403**	**97,386**	**-**	**4,099,900**
As at December 31, 2021							
Total assets	379,881	2,220,598	2,317,615	746,638	88,391	-	5,753,123
Intangible assets	193,765	188,604	955,608	454,612	332	-	1,792,921
Total assets less intangible assets	186,116	2,031,994	1,362,007	292,026	88,059	-	3,960,202

Net capital expenditures: Additions to rolling stock and equipment, net of proceeds from the sale of rolling stock and equipment and assets held for sale excluding property. Management believes that this measure illustrates the recurring net capital expenditures which is required for the respective period.

(unaudited) *(in thousands of U.S. dollars)*	Package and Courier	Less-Than-Truckload	Truckload	Logistics	Corporate	Eliminations	Total
Three months ended March 31, 2022							
Additions to rolling stock	**2,797**	**45,731**	**33,345**	**-**	**-**		**81,873**
Additions to equipment	**624**	**2,720**	**1,136**	**519**	**81**		**5,080**
Proceeds from the sale of rolling stock	**(272)**	**(3,169)**	**(38,644)**	**(12)**	**-**		**(42,097)**
Proceeds from the sale of equipment	**(3)**	**(5)**	**(1,743)**	**-**	**-**		**(1,751)**
Net capital expenditures	**3,146**	**45,277**	**(5,906)**	**507**	**81**		**43,105**
Three months ended March 31, 2021							
Additions to rolling stock	138	3,584	20,636	67	-		24,425
Additions to equipment	946	151	1,685	8	20		2,810
Proceeds from the sale of rolling stock	(40)	(639)	(16,613)	(71)	-		(17,363)
Proceeds from the sale of equipment	-	-	-	-	-		-
Net capital expenditures	1,044	3,096	5,708	4	20		9,872

Operating margin is calculated as operating income (loss) as a percentage of revenue before fuel surcharge.

Adjusted operating ratio: Operating expenses before gain on sale of business, bargain purchase gain, and gain or loss on sale of land and buildings and assets held for sale, and gain or loss on disposal of intangible assets ("**Adjusted operating expenses**"), net of fuel surcharge revenue, divided by revenue before fuel surcharge. Although the adjusted operating ratio is not a recognized financial measure defined by IFRS, it is a widely recognized measure in the transportation industry, which the Company believes provides a comparable benchmark for evaluating the Company's performance. Also, to facilitate the comparison of business level activity and operating costs between periods, the Company compares the revenue before fuel surcharge ("revenue") and reallocates the fuel surcharge revenue to materials and services expenses within operating expenses.

Consolidated adjusted operating ratio reconciliation:

(unaudited) *(in thousands of U.S. dollars)*			**Three months ended March 31**
	2022	2021	2020*
Operating expenses	**1,971,753**	1,047,062	837,181
Bargain purchase gain	**—**	—	4,008
Gain (loss) on sale of land and building	**44**	—	(1)
Gain on sale of assets held for sale	**—**	3,938	7,646
Adjusted operating expenses	**1,971,797**	1,051,000	848,834
Fuel surcharge revenue	**(297,671)**	(89,673)	(95,410)
Adjusted operating expenses, net of fuel surcharge revenue	**1,674,126**	961,327	753,424
Revenue before fuel surcharge	**1,893,848**	1,059,134	829,099
Adjusted operating ratio	**88.4%**	90.8%	90.9%

*Recasted for changes in presentation currency from Canadian dollar to U.S. dollar.

Less-Than-Truckload and Truckload reportable segments adjusted operating ratio reconciliation and Truckload operating segments reconciliations:

(unaudited) *(in thousands of U.S. dollars)*	Three months ended March 31 2022	2021
Less-Than-Truckload		
Total revenue	**1,000,110**	150,522
Total operating expenses	**905,340**	128,386
Operating income	**94,770**	22,136
Operating expenses	**905,340**	128,386
Bargain purchase gain	**—**	—
Gain on sale of land and buildings and assets held for sale	**—**	9
Adjusted operating expenses	**905,340**	128,395
Fuel surcharge revenue	**(164,711)**	(18,896)
Adjusted operating expenses, net of fuel surcharge revenue	**740,629**	109,499
Revenue before fuel surcharge	**835,399**	131,626
Adjusted operating ratio	**88.7%**	83.2%
Less-Than-Truckload - Revenue before fuel surcharge		
U.S. based LTL	**695,761**	638
Canadian based LTL	**142,498**	131,626
Eliminations	**(2,860)**	(638)
	835,399	131,626
Less-Than-Truckload - Fuel surcharge revenue		
U.S. based LTL	**131,833**	-
Canadian based LTL	**33,154**	18,897
Eliminations	**(276)**	(1)
	164,711	18,896
Less-Than-Truckload - Operating income (loss)		
U.S. based LTL	**65,044**	65
Canadian based LTL	**29,726**	22,071
	94,770	22,136
U.S. based LTL		
Operating expenses*	**762,550**	573
Bargain purchase gain	**-**	-
Loss on sale of land and buildings and assets held for sale	**-**	-
Adjusted operating expenses	**762,550**	573
Fuel surcharge revenue	**(131,833)**	-
Adjusted operating expenses, net of fuel surcharge	**630,717**	573
Revenue before fuel surcharge	**695,761**	638
Adjusted operating ratio	**90.7%**	89.8%
Canadian based LTL		
Operating expenses*	**145,926**	128,452
Gain on sale of land and buildings and assets held for sale	**-**	9
Adjusted operating expenses	**145,926**	128,461
Fuel surcharge revenue	**(33,154)**	(18,897)
Adjusted operating expenses, net of fuel surcharge	**112,772**	109,564
Revenue before fuel surcharge	**142,498**	131,626
Adjusted operating ratio	**79.1%**	83.2%

* Operating expenses excluding intra LTL eliminations

Less-Than-Truckload and Truckload reportable segments adjusted operating ratio reconciliation and Truckload operating segments reconciliations (continued):

(unaudited) *(in thousands of U.S. dollars)*	Three months ended March 31 2022	2021
Truckload		
Total revenue	**609,674**	474,606
Total operating expenses	**538,646**	424,600
Operating income	**71,028**	50,006
Operating expenses	**538,646**	424,600
Gain on sale of business	**—**	—
Gain on sale of land and buildings and assets held for sale	**44**	3,929
Adjusted operating expenses	**538,690**	428,529
Fuel surcharge revenue	**(93,749)**	(50,039)
Adjusted operating expenses, net of fuel surcharge revenue	**444,941**	378,490
Revenue before fuel surcharge	**515,925**	424,567
Adjusted operating ratio	**86.2%**	89.1%
Truckload - Revenue before fuel surcharge		
U.S. based Conventional TL	**191,765**	155,619
Canadian based Conventional TL	**76,307**	55,792
Specialized TL	**249,884**	214,237
Eliminations	**(2,031)**	(1,081)
	515,925	424,567
Truckload - Fuel surcharge revenue		
U.S. based Conventional TL	**39,542**	23,428
Canadian based Conventional TL	**11,251**	5,844
Specialized TL	**43,181**	20,822
Eliminations	**(225)**	(55)
	93,749	50,039
Truckload - Operating income		
U.S. based Conventional TL	**20,868**	10,259
Canadian based Conventional TL	**11,059**	6,622
Specialized TL	**39,101**	33,125
	71,028	50,006
U.S. based Conventional TL		
Adjusted operating expenses	**210,439**	168,788
Fuel surcharge revenue	**(39,542)**	(23,428)
Adjusted operating expenses, net of fuel surcharge revenue	**170,897**	145,360
Revenue before fuel surcharge	**191,765**	155,619
Adjusted operating ratio	**89.1%**	93.4%
Canadian based Conventional TL		
Operating expenses*	**76,499**	55,014
Gain on sale of land and buildings and assets held for sale	**44**	—
Adjusted operating expenses	**76,543**	55,014
Fuel surcharge revenue	**(11,251)**	(5,844)
Adjusted operating expenses, net of fuel surcharge revenue	**65,292**	49,170
Revenue before fuel surcharge	**76,307**	55,792
Adjusted operating ratio	**85.6%**	88.1%
Specialized TL		
Operating expenses*	**253,964**	201,934
Gain on sale of assets held for sale	**—**	3,929
Adjusted operating expenses	**253,964**	205,863
Fuel surcharge revenue	**(43,181)**	(20,822)
Adjusted operating expenses, net of fuel surcharge revenue	**210,783**	185,041
Revenue before fuel surcharge	**249,884**	214,237
Adjusted operating ratio	**84.4%**	86.4%

Return on invested capital ("ROIC"): Management believes ROIC at the segment level is a useful measure in the efficiency in the use of capital funds. The Company calculates ROIC as segment operating income net of exclusions, after tax, divided by the segment average invested capital. Operating income net of exclusions, after tax, is calculated as the trailing twelve months of operating income before bargain purchase gain, gain or loss on the sale of land and buildings and assets held for sale, and amortization of intangible assets, after tax using the statutory tax rate of the Company. Average invested capital is calculated as total assets excluding intangibles, net of trade and other payables, current taxes payable and provisions averaged between the beginning and ending balance over a twelve-month period.

Return on invested capital segment reconciliation:

(unaudited) *(in thousands of U.S. dollars)*	**2022**	As at March 31 2021
Package and Courier		
Operating income	**116,201**	85,510
Gain on sale of assets held for sale	**—**	(92)
Amortization of intangible assets	**811**	968
Operating income, net of exclusions	**117,012**	86,386
Income tax	**26.5%**	26.5%
Operating income net of exclusions, after tax	**86,004**	63,494
Intangible assets	**195,387**	195,326
Total assets, excluding intangible assets	**186,640**	182,277
less: Trade and other payables, income taxes payable and provisions	**(51,346)**	(56,360)
Total invested capital, current year	**330,681**	321,243
Intangible assets, prior year	**195,326**	175,419
Total assets, excluding intangible assets, prior year	**182,277**	164,235
less: Trade and other payables, income taxes payable and provisions, prior year	**(56,360)**	(39,507)
Total invested capital, prior year	**321,243**	300,147
Average invested capital	**325,962**	310,695
Return on invested capital	**26.4%**	20.4%
Less-Than-Truckload - Canadian based LTL		
Operating income	**121,382**	96,999
Gain on sale of assets held for sale	**(1,640)**	—
Amortization of intangible assets	**8,788**	8,550
Operating income, net of exclusions	**128,530**	105,549
Income tax	**26.5%**	26.5%
Operating income net of exclusions, after tax	**94,470**	77,579
Intangible assets	**181,719**	189,601
Total assets, excluding intangible assets	**395,233**	402,509
less: Trade and other payables, income taxes payable and provisions	**(75,732)**	(66,457)
Total invested capital, current year	**501,220**	525,653
Intangible assets, prior year	**189,601**	172,187
Total assets, excluding intangible assets, prior year	**402,509**	373,012
less: Trade and other payables, income taxes payable and provisions, prior year	**(66,457)**	(61,180)
Total invested capital, prior year	**525,653**	484,019
Average invested capital	**513,437**	504,836
Return on invested capital	**18.4%**	15.4%
Truckload - U.S. based Conventional TL		
Operating income	**66,073**	51,800
Gain on sale of assets held for sale	**(6,643)**	(1,103)
Amortization of intangible assets	**8,080**	6,832
Operating income, net of exclusions	**67,510**	57,529
Income tax	**26.5%**	26.5%
Operating income net of exclusions, after tax	**49,620**	42,284
Intangible assets	**307,358**	312,743
Total assets, excluding intangible assets	**582,295**	526,218
less: Trade and other payables, income taxes payable and provisions	**(100,090)**	(99,940)
Total invested capital, current year	**789,563**	739,021
Intangible assets, prior year	**312,743**	316,165
Total assets, excluding intangible assets, prior year	**526,218**	554,866
less: Trade and other payables, income taxes payable and provisions, prior year	**(99,940)**	(74,585)
Total invested capital, prior year	**739,021**	796,446
Average invested capital	**764,292**	767,734
Return on invested capital	**6.5%**	5.5%

Return on invested capital segment reconciliation (continued):

(unaudited) *(in thousands of U.S. dollars)*	**2022**	As at March 31 2021
Truckload - Canadian based Conventional TL		
Operating income	**34,804**	28,620
Gain on sale of land and buildings	**(44)**	—
Gain on sale of assets held for sale	**(17)**	—
Amortization of intangible assets	**2,093**	2,067
Operating income, net of exclusions	**36,836**	30,687
Income tax	**26.5%**	26.5%
Operating income net of exclusions, after tax	**27,074**	22,555
Intangible assets	**106,238**	98,009
Total assets, excluding intangible assets	**178,222**	124,663
less: Trade and other payables, income taxes payable and provisions	**(28,885)**	(23,672)
Total invested capital, current year	**255,575**	199,000
Intangible assets, prior year	**98,009**	88,996
Total assets, excluding intangible assets, prior year	**124,663**	111,770
less: Trade and other payables, income taxes payable and provisions, prior year	**(23,672)**	(18,439)
Total invested capital, prior year	**199,000**	182,327
Average invested capital	**227,288**	190,664
Return on invested capital	**11.9%**	11.8%
Truckload - Specialized TL		
Operating income	**150,334**	129,236
(Gain) loss on assets held for sale	**19**	(6,868)
Amortization of intangible assets	**12,606**	11,054
Operating income, net of exclusions	**162,959**	133,422
Income tax	**26.5%**	26.5%
Operating income net of exclusions, after tax	**119,775**	98,065
Intangible assets	**540,041**	501,586
Total assets, excluding intangible assets	**607,780**	543,583
less: Trade and other payables, income taxes payable and provisions	**(81,934)**	(67,356)
Total invested capital, current year	**1,065,887**	977,813
Intangible assets, prior year	**501,586**	412,778
Total assets, excluding intangible assets, prior year	**543,583**	456,858
less: Trade and other payables, income taxes payable and provisions, prior year	**(67,356)**	(55,237)
Total invested capital, prior year	**977,813**	814,399
Average invested capital	**1,021,850**	896,106
Return on invested capital	**11.7%**	10.9%
Logistics		
Operating income	**148,616**	94,344
Loss on sale of land and buildings	**3**	5
Amortization of intangible assets	**21,673**	20,214
Bargain Purchase gain	**(12,000)**	—
Operating income, net of exclusions	**158,292**	114,563
Income tax	**26.5%**	26.5%
Operating income net of exclusions, after tax	**116,345**	84,204
Intangible assets	**496,569**	455,572
Total assets, excluding intangible assets	**307,403**	257,802
less: Trade and other payables, income taxes payable and provisions	**(195,686)**	(159,050)
Total invested capital, current year	**608,286**	554,324
Intangible assets, prior year	**455,572**	252,039
Total assets, excluding intangible assets, prior year	**257,802**	171,538
less: Trade and other payables, income taxes payable and provisions, prior year	**(159,050)**	(70,100)
Total invested capital, prior year	**554,324**	353,477
Average invested capital	**581,305**	453,901
Return on invested capital	**20.0%**	18.6%

Return on invested capital for US LTL: Management believes ROIC at the segment level is a useful measure in the efficiency in the use of capital funds. The return on invested capital of the U.S. based LTL has been modified to remove the impacts of the bargain purchase gain from the operating income net of exclusions as well as from the average invested capital to align the capital with the acquisition price. In addition, as the Company has only owned UPS Freight, which represents substantially all of the U.S. based LTL operations, for 11 months, the average invested capital was adjusted to reflect the 11 months of ownership.

(unaudited) *(in thousands of U.S. dollars)*	**2022**	**As at March 31** 2021*
Less-Than-Truckload - U.S. based LTL		
Operating income	**434,071**	—
Loss on sale of land and buildings	**17**	
Gain on sale of assets held for sale	**—**	
Amortization of intangible assets	**1,004**	
Bargain Purchase gain	**(193,549)**	
Operating income, net of exclusions	**241,543**	—
Income tax	**26.5%**	
Operating income net of exclusions, after tax	**177,534**	—
Intangible assets	**6,240**	
Total assets, excluding intangible assets	**1,744,941**	
less: Liabilities	**(644,099)**	
less: Impact of Bargain purchase gain	**(181,549)**	
Total invested capital, current year	**925,533**	—
Total invested capital, acquisition price	**838,910**	—
Average invested capital	**882,222**	—
Adjustment for less than full year[1]	**(73,519)**	
Adjusted average invested capital	**808,703**	
Return on invested capital	**22.0%**	

[1] This adjustment removes 1 month out of the annual average invested capital to reflect 11 months of ownership.

* Comparative information not meaningful

RISKS AND UNCERTAINTIES

The Company's future results may be affected by a number of factors over many of which the Company has little or no control. The following discussion of risk factors contains forward-looking statements. The following issues, uncertainties and risks, among others, should be considered in evaluating the Company's business, prospects, financial condition, results of operations and cash flows.

Competition. The Company faces growing competition from other transporters in Canada, the United States and Mexico. These factors, including the following, could impair the Company's ability to maintain or improve its profitability and could have a material adverse effect on the Company's results of operations:

- the Company competes with many other transportation companies of varying sizes, including Canadian, U.S. and Mexican transportation companies;
- the Company's competitors may periodically reduce their freight rates to gain business, which may limit the Company's ability to maintain or increase freight rates or maintain growth in the Company's business;
- some of the Company's customers are other transportation companies or companies that also operate their own private trucking fleets, and they may decide to transport more of their own freight or bundle transportation with other services;
- some of the Company's customers may reduce the number of carriers they use by selecting so-called "core carriers" as approved service providers or by engaging dedicated providers, and in some instances the Company may not be selected;
- many customers periodically accept bids from multiple carriers for their shipping needs, and this process may depress freight rates or result in the loss of some of the Company's business to competitors;
- the market for qualified drivers is highly competitive, particularly in the Company's growing U.S. operations, and the Company's inability to attract and retain drivers could reduce its equipment utilization and cause the Company to increase compensation, both of which would adversely affect the Company's profitability;
- economies of scale that may be passed on to smaller carriers by procurement aggregation providers may improve their ability to compete with the Company;
- some of the Company's smaller competitors may not yet be fully compliant with recently-enacted regulations which may allow such competitors to take advantage of additional driver productivity;
- advances in technology, such as advanced safety systems, automated package sorting, handling and delivery, vehicle platooning, alternative fuel vehicles, autonomous vehicle technology and digitization of freight services, may require the Company to increase investments in order to remain competitive, and the Company's customers may not be willing to accept higher freight rates to cover the cost of these investments;
- the Company's competitors may have better safety records than the Company or a perception of better safety records, which could impair the Company's ability to compete;
- some high-volume package shippers, such as Amazon.com, are developing and implementing in-house delivery capabilities and utilizing independent contractors for deliveries, which could in turn reduce the Company's revenues and market share;
- the Company's brand names may be subject to adverse publicity (whether or not justified) and lose significant value, which could result in reduced demand for the Company's services;
- competition from freight brokerage companies may materially adversely affect the Company's customer relationships and freight rates; and
- higher fuel prices and, in turn, higher fuel surcharges to the Company's customers may cause some of the Company's customers to consider freight transportation alternatives, including rail transportation.

Regulation. In Canada, carriers must obtain licenses issued by provincial transport boards in order to carry goods inter-provincially or to transport goods within any province. Licensing from U.S. and Mexican regulatory authorities is also required for the transportation of goods in Canada, the United States, and Mexico. Any change in or violation of existing or future regulations could have an adverse impact on the scope of the Company's activities. Future laws and regulations may be more stringent, require changes in the Company's operating practices, influence the demand for transportation services or require the Company to incur significant additional costs. Higher costs incurred by the Company, or by the Company's suppliers who pass the costs onto the Company through higher supplies and materials pricing, could adversely affect the Company's results of operations.

In addition to the regulatory regime applicable to operations in Canada, the Company is increasing its operations in the United States, and is therefore increasingly subject to rules and regulations related to the U.S. transportation industry, including regulation from various federal, state and local agencies, including the Department of Transportation ("DOT") (in part through the Federal Motor Carrier Safety Administration ("FMCSA")), the Environmental Protection Agency ("EPA") and the Department of Homeland Security. Drivers must, both in Canada and the United States, comply with safety and fitness regulations, including those relating to drug and alcohol testing, driver safety performance and hours of service. Weight and dimensions, exhaust emissions and fuel efficiency are also subject to government regulation. The Company may also become subject to new or more restrictive regulations relating to fuel efficiency, exhaust emissions, hours of service, drug and alcohol testing, ergonomics, on-board reporting of operations, collective bargaining, security at ports, speed limitations, driver training and other matters affecting safety or operating methods.

In the United States, there are currently two methods of evaluating the safety and fitness of carriers: the Compliance, Safety, Accountability ("CSA") program, which evaluates and ranks fleets on certain safety-related standards by analyzing data from recent safety events and investigation results, and the DOT safety rating, which is based on an on-site investigation and affects a carrier's ability to operate in interstate commerce. Additionally, the FMCSA has proposed rules in the past that would change the methodologies used to determine carrier safety and fitness.

Under the CSA program, carriers are evaluated and ranked against their peers based on seven categories of safety-related data. The seven categories of safety-related data currently include Unsafe Driving, Hours-of-Service Compliance, Driver Fitness, Controlled Substances/Alcohol, Vehicle Maintenance, Hazardous Materials Compliance and Crash Indicator (such categories known as "BASICs"). Carriers are grouped by category with other carriers that have a similar number of safety events (i.e. crashes, inspections, or violations) and carriers are ranked and assigned a rating percentile or score. If the Company were subject to any such interventions, this could have an adverse effect on the Company's business, financial condition and results of operations. As a result, the Company's fleet could be ranked poorly as compared to peer carriers. There is no guarantee that the Company will be able to maintain its current safety ratings or that it will not be subject to interventions in the future. The Company recruits first-time drivers to be part of its fleet, and these drivers may have a higher likelihood of creating adverse safety events under CSA. The occurrence of future deficiencies could affect driver recruitment in the United States by causing high-quality drivers to seek employment with other carriers or limit the pool of available drivers or could cause the Company's customers to direct their business away from the Company and to carriers with higher fleet safety rankings, either of which would materially adversely affect the Company's business, financial condition and results of operations. In addition, future deficiencies could increase the Company's insurance expenses. Additionally, competition for drivers with favorable safety backgrounds may increase, which could necessitate increases in driver-related compensation costs. Further, the Company may incur greater than expected expenses in its attempts to improve unfavorable scores.

In December 2016, the FMCSA issued a final rule establishing a national clearinghouse for drug and alcohol testing results and requiring motor carriers and medical review officers to provide records of violations by commercial drivers of FMCSA drug and alcohol testing requirements. Motor carriers in the United States will be required to query the clearinghouse to ensure drivers and driver applicants do not have violations of federal drug and alcohol testing regulations that prohibit them from operating commercial motor vehicles. The final rule became effective on January 4, 2017, with a compliance date of January 6, 2020. In December 2019, however, the FMCSA announced a final rule extending by three years the date for state driver's licensing agencies to comply with certain requirements. The December 2016 commercial driver's license rule required states to request information from the clearinghouse about individuals prior to issuing, renewing, upgrading or transferring a commercial driver's license. This new action will allow states' compliance with the requirement, which was set to begin January 2020, to be delayed until January 2023. The compliance date of January 2020 remained in place for all other requirements set forth in the clearinghouse final rule, however. Upon implementation, the rule may reduce the number of available drivers in an already constrained driver market. Pursuant to a new rule finalized by the FMCSA, effective November 2021, states are required to query the clearinghouse when issuing, renewing, transferring, or upgrading a commercial drivers license and must revoke a driver's commercial driving privileges if such driver is prohibited from driving a motor vehicle for one or more drug or alcohol violations.

In addition, other rules have been proposed or made final by the FMCSA, including (i) a rule requiring the use of speed-limiting devices on heavy-duty tractors to restrict maximum speeds, which was proposed in 2016, and (ii) a rule setting out minimum driver training standards for new drivers applying for commercial driver's licenses for the first time and to experienced drivers upgrading their licenses or seeking a hazardous materials endorsement, which was made final in December 2016 with a compliance date in February 2020 (FMCSA officials delayed implementation of the final rule by two years). In July 2017, the DOT announced that it would no longer pursue a speed limiter rule, but left open the possibility that it could resume such a pursuit in the future. In May 2021, however, a bill was reintroduced in the U.S. House of Representatives that would require commercial motor vehicles with gross weight exceeding 26,000 pounds to eb equipped with a speed limiting device, prohibiting speeds greater than 65 miles per hour. Whether the bill will become law is uncertain. The effect of these rules, to the extent they become effective, could result in a decrease in fleet production and/or driver availability, either of which could materially adversely affect the Company's business, financial condition and results of operations.

The Company's subsidiaries with U.S. operating authority currently have a satisfactory DOT rating, which is the highest available rating under the current safety rating scale. If the Company's subsidiaries with U.S. operating authority were to receive a conditional or unsatisfactory DOT safety rating, it could materially adversely affect the Company's business, financial condition and results of operations as customer contracts may require a satisfactory DOT safety rating, and a conditional or unsatisfactory rating could materially adversely affect or restrict the Company's operations and increase the Company's insurance costs.

The FMCSA has proposed regulations that would modify the existing rating system and the safety labels assigned to motor carriers evaluated by the DOT. Under regulations that were proposed in 2016, the methodology for determining a carrier's DOT safety rating would be expanded to include the on-road safety performance of the carrier's drivers and equipment, as well as results obtained from investigations. Exceeding certain thresholds based on such performance or results would cause a carrier to receive an unfit safety rating. The proposed regulations were withdrawn in March 2017, but the FMCSA noted that a similar process may be initiated in the future. If similar regulations were enacted and the Company were to receive an unfit or other negative safety rating, the Company's business would be materially adversely affected in the same manner as if it received a conditional or unsatisfactory safety rating under the current regulations. In addition, poor safety performance could lead to increased risk of liability, increased insurance, maintenance and equipment costs and potential loss of customers, which could materially adversely affect the Company's business, financial condition and results of operations. The FMCSA has also indicated that it is in the early phases of a new study on the causation of large truck crashes. Although it remains unclear whether such a study will ultimately be completed, the results of such study could spur further proposed and/or final rules regarding safety and fitness in the United States.

From time to time, the FMCSA proposes and implements changes to regulations impacting hours-of-service. Such changes can negatively impact the Company's productivity and affect its operations and profitability by reducing the number of hours per day or week the Company's U.S. drivers and independent contractors may operate and/or disrupt the Company's network. However, in August 2019, the FMCSA issued a proposal to make changes to its hours-of-service rules that would allow U.S. truck drivers more flexibility with their 30-minute rest break and with dividing their time in the sleeper berth. It also would extend by two hours the duty time for U.S. drivers encountering adverse weather, and extend the shorthaul exemption by lengthening the drivers' maximum on-duty period from 12 hours to 14 hours. In June 2020, the FMCSA adopted a final rule substantially as proposed, which became effective in September 2020. Certain industry groups have challenged these rules in U.S. courts, and it remains unclear what, if anything, will come from such challenges. Any future changes to U.S. hours-of-service regulations could materially and adversely affect the Company's operations and profitability.

The U.S. National Highway Traffic Safety Administration, the EPA and certain U.S. states, including California, have adopted regulations that are aimed at reducing tractor emissions and/or increasing fuel economy of the equipment the Company uses. Certain of these regulations are currently effective, with stricter emission and fuel economy standards becoming effective over the next several years. Other regulations have been proposed in the United States that would similarly increase these standards. U.S. federal and state lawmakers and regulators have also adopted or are considering a variety of other climate-change legal requirements related to carbon emissions and greenhouse gas emissions. These legal requirements could potentially limit carbon emissions within certain states and municipalities in the United States. Certain of these legal requirements restrict the location and amount of time that diesel-powered tractors (like the Company's) may idle, which may force the Company to purchase on-board power units that do not require the engine to idle or to alter the Company's drivers' behavior, which might result in a decrease in productivity and/or an increase in driver turnover. All of these regulations have increased, and may continue to increase, the cost of new tractors and trailers and may require the Company to retrofit certain of its tractors and trailers, may increase its maintenance costs, and could impair equipment productivity and increase the Company's operating costs, particularly if such costs are not offset by potential fuel savings. The occurrence of any of these adverse effects, combined with the uncertainty as to the reliability of the newly-designed diesel engines and the residual values of the Company's equipment, could materially adversely affect the Company's business, financial condition and results of operations. Furthermore, any future regulations that impose restrictions, caps, taxes or other controls on emissions of greenhouse gases could adversely affect the Company's operations and financial results. The Company cannot predict the extent to which its operations and productivity will be impacted by any future regulations. The Company will continue monitoring its compliance with U.S. federal and state environmental regulations.

In March 2014, the U.S. Ninth Circuit Court of Appeals (the "Ninth Circuit") held that the application of California state wage and hour laws to interstate truck drivers is not pre-empted by U.S. federal law. The case was appealed to the U.S. Supreme Court, which denied certiorari in May 2015, and accordingly, the Ninth Circuit decision stood. However, in December 2018, the FMCSA granted a petition filed by the American Trucking Associations determining that federal law pre-empts California's wage and hour laws, and interstate truck drivers are not subject to such laws. The FMCSA's decision was appealed by labor groups and multiple lawsuits were filed in U.S. courts seeking to overturn the decision. I January 2021, however, the Ninth Circuit upheld the FMCSA's determination that U.S. federal law does pre-empt California's meal and rest break laws, as applied to drivers of property-carrying commercial motor vehicles. Other current and future U.S. state and local wage and hour laws, including laws related to employee meal breaks and rest periods, may vary significantly from U.S. federal law. Further, driver piece rate compensation, which is an industry standard, has been attacked as non-compliant with state minimum wage laws. As a result, the Company, along with other companies in the industry, is subject to an uneven patchwork of wage and hour laws throughout the United States. In addition, the uncertainty with respect to the practical application of wage and hour laws are, and in the future may be, resulting in additional costs for the Company and the industry as a whole, and a negative outcome with respect to any of the above-mentioned lawsuits could materially affect the Company. If U.S. federal legislation is not passed pre-empting state and local wage and hour laws, the Company will either need to continue complying with the most restrictive state and local laws across its entire fleet in the United States, or revise its management systems to comply with varying state and local laws. Either solution could result in increased compliance and labor costs, driver turnover, decreased efficiency and increased risk of non-compliance. In April 2016, the Food and Drug Administration ("FDA") published a final rule establishing requirements for shippers, loaders, carriers by motor vehicle and rail vehicle, and receivers engaged in the transportation of food, to use sanitary transportation practices to ensure the safety of the food they transport as part of the FSMA. This rule sets forth requirements related to (i) the design and maintenance of equipment used to transport food, (ii) the measures taken during food transportation to ensure food safety, (iii) the training of carrier personnel in sanitary food transportation practices, and (iv) maintenance and retention of records of written procedures, agreements, and training related to the foregoing items. These requirements took effect for larger carriers in April 2017 and apply to the Company when it acts as a carrier or as a broker. If the Company is found to be in violation of applicable laws or regulations related to the FSMA or if the Company transports food or goods that are contaminated or are found to cause illness and/or death, the Company could be subject to substantial fines, lawsuits, penalties and/or criminal and civil liability, any of which could have a material adverse effect on the Company's business, financial condition, and results of operations.

Changes in existing regulations and implementation of new regulations, such as those related to trailer size limits, emissions and fuel economy, hours of service, mandating ELDs and drug and alcohol testing in Canada, the United States and Mexico, could increase capacity in the industry or improve the position of certain competitors, either of which could negatively impact pricing and volumes or require additional investments by the Company. The short-term and long-term impacts of changes in legislation or regulations are difficult to predict and could materially adversely affect the Company's results of operations.

The right to continue to hold applicable licenses and permits is generally subject to maintaining satisfactory compliance with regulatory and safety guidelines, policies and laws. Although the Company is committed to compliance with laws and safety, there is no assurance that it will be in full compliance with them at all times. Consequently, at some future time, the Company could be required to incur significant costs to maintain or improve its compliance record.

United States and Mexican operations. A significant portion of the Company's revenue is derived from operations in the United States and transportation to and from Mexico. The Company's international operations are subject to a variety of risks, including fluctuations in foreign currencies, changes in the economic strength or greater volatility in the economies of foreign countries in which the Company does business, difficulties in enforcing contractual rights and intellectual property rights, compliance burdens associated with export and import laws, theft or vandalism, and social, political and economic instability. The Company's international operations could be adversely affected by restrictions on travel. Additional risks associated with the Company's international operations include restrictive trade policies, imposition of duties, changes to trade agreements and other treaties, taxes or government royalties by foreign governments, adverse changes in the regulatory environments, including in tax laws and regulations, of the foreign countries in which the Company does business, compliance with anti-corruption and anti-bribery laws, restrictions on the withdrawal of foreign investments, the ability to identify and retain qualified local managers and the challenge of managing a culturally and geographically diverse operation. The Company cannot guarantee compliance with all applicable laws, and violations could result in substantial fines, sanctions, civil or criminal penalties, competitive or reputational harm, litigation or regulatory action and other consequences that might adversely affect the Company's results of operations.

The current United States Presidential Administration provided informal guidance that it is in favor of certain changes to U.S. tax law, including increasing the corporate tax rate from its current rate of 21%. In the event that the corporate tax rate is increased, the Company's financial position, and financial results from its United States operations may be adversely affected.

The implementation of tariffs or quotas or changes to certain trade agreements could, among other things, increase the costs of the materials used by the Company's suppliers to produce new revenue equipment or increase the price of fuel. Such cost increases for the Company's revenue equipment suppliers would likely be passed on to the Company, and to the extent fuel prices increase, the Company may not be able to fully recover such increases through rate increases or the Company's fuel surcharge program, either of which could have a material adverse effect on the Company's business.

The United States-Mexico-Canada Agreement ("USMCA") entered into effect in July 2020. The USMCA is designed to modernize food and agriculture trade, advance rules of origin for automobiles and trucks, and enhance intellectual property protections, among other matters, according to the Office of the U.S. Trade Representative. It is difficult to predict at this stage what could be the impact of the USMCA on the economy, including the transportation industry. However, given the amount of North American trade that moves by truck it could have a significant impact on supply and demand in the transportation industry, and could adversely impact the amount, movement and patterns of freight transported by the Company.

The U.S. Department of Treasury has broad authority to issue regulations and interpretative guidance that may significantly impact how the Company will apply the law and impact the Company's results of operations in future periods. The timing and scope of such regulations and interpretative guidance are uncertain. In addition, there is a risk that states within the United States or foreign jurisdictions may amend their tax laws in response to these tax reforms, which could have a material adverse effect on the Company's results.

In addition, if the Company is unable to maintain its Free and Secure Trade ("FAST") and U.S. Customs Trade Partnership Against Terrorism ("C-TPAT") certification statuses, it may have significant border delays, which could cause its cross-border operations to be less efficient than those of competitor carriers that obtain or continue to maintain FAST and C-TPAT certifications.

Operating Environment and Seasonality. The Company is exposed to the following factors, among others, affecting its operating environment:

- the Company's future insurance and claims expense, including the cost of its liability insurance premiums and the number and dollar amount of claims, may exceed historical levels, which would require the Company to incur additional costs and could reduce the Company's earnings;

- a decline in the demand for used revenue equipment could result in decreased equipment sales, lower resale values and lower gains (or recording losses) on sales of assets;
- tractor and trailer vendors may reduce their manufacturing output in response to lower demand for their products in economic downturns or shortages of component parts, including the current shortage of semiconductors and other components and supplies, such as steel, which may materially adversely affect the Company's ability to purchase a quantity of new revenue equipment that is sufficient to sustain its desired growth rate and negatively impact the Company's financial results if it incurs higher costs to purchase tractors and trailers; and
- increased prices for new revenue equipment, design changes of new engines, reduced equipment efficiency resulting from new engines designed to reduce emissions, or decreased availability of new revenue equipment.

The Company's tractor productivity decreases during the winter season because inclement weather impedes operations and some shippers reduce their shipments after the winter holiday season. Revenue may also be adversely affected by inclement weather and holidays, since revenue is directly related to available working days of shippers. At the same time, operating expenses increase and fuel efficiency declines because of engine idling and harsh weather creating higher accident frequency, increased claims and higher equipment repair expenditures. The Company may also suffer from weather-related or other unforeseen events such as tornadoes, hurricanes, blizzards, ice storms, floods, and fires, which may increase in frequency and severity due to climate change, as well as other man-made disasters. These events may disrupt fuel supplies, increase fuel costs, disrupt freight shipments or routes, affect regional economies, damage or destroy the Company's assets or adversely affect the business or financial condition of the Company's customers, any of which could materially adversely affect the Company's results of operations or make the Company's results of operations more volatile.

General Economic, Credit, and Business Conditions. The Company's business is subject to general economic, credit, business and regulatory factors that are largely beyond the Company's control, and which could have a material adverse effect on the Company's operating results.

The Company's industry is subject to cyclical pressures, and the Company's business is dependent on a number of factors that may have a material adverse effect on its results of operations, many of which are beyond the Company's control. The Company believes that some of the most significant of these factors include (i) excess tractor and trailer capacity in the transportation industry in comparison with shipping demand; (ii) declines in the resale value of used equipment; (iii) limited supply and increased cost of new and used equipment; (iv) recruiting and retaining qualified drivers; (v) strikes, work stoppages or work slowdowns at the Company's facilities or at customer, port, border crossing or other shipping-related facilities; (vi) compliance with ongoing regulatory requirements; (vii) increases in interest rates, fuel taxes, tolls and license and registration fees; and (vii) rising healthcare and insurance and claims costs in the United States; and (ix) the impact of the COVID-19 pandemic.

The Company is also affected by (i) recessionary economic cycles, which tend to be characterized by weak demand and downward pressure on rates; (ii) changes in customers' inventory levels and in the availability of funding for their working capital; (iii) changes in the way in which the Company's customers choose to source or utilize the Company's services; and (iv) downturns in customers' business cycles, such as retail and manufacturing, where the Company has significant customer concentration. Economic conditions may adversely affect customers and their demand for and ability to pay for the Company's services. Customers encountering adverse economic conditions represent a greater potential for loss and the Company may be required to increase its allowance for doubtful accounts.

Economic conditions that decrease shipping demand and increase the supply of available tractors and trailers can exert downward pressure on rates and equipment utilization, thereby decreasing asset productivity. The risks associated with these factors are heightened when the economy is weakened. Some of the principal risks during such times include:

- the Company may experience a reduction in overall freight levels, which may impair the Company's asset utilization;
- freight patterns may change as supply chains are redesigned, resulting in an imbalance between the Company's capacity and assets and customers' freight demand;
- the Company may be forced to accept more loads from freight brokers, where freight rates are typically lower, or may be forced to incur more non-revenue generating miles to obtain loads;
- the Company may increase the size of its fleet during periods of high freight demand during which its competitors also increase their capacity, and the Company may experience losses in greater amounts than such competitors during subsequent cycles of softened freight demand if the Company is required to dispose of assets at a loss to match reduced freight demand;
- customers may solicit bids for freight from multiple trucking companies or select competitors that offer lower rates in an attempt to lower their costs, and the Company may be forced to lower its rates or lose freight; and
- lack of access to current sources of credit or lack of lender access to capital, leading to an inability to secure credit financing on satisfactory terms, or at all.

The Company is subject to cost increases that are outside the Company's control that could materially reduce the Company's profitability if it is unable to increase its rates sufficiently. Such cost increases include, but are not limited to, increases in fuel and energy prices, driver and office employee wages, purchased transportation costs, taxes, interest rates, tolls, license and registration fees, insurance premiums and claims, revenue equipment and related maintenance, and tires and other components. Strikes or other work stoppages at the Company's service centres or at customer, port, border or other shipping locations, deterioration of Canadian, U.S. or Mexican transportation infrastructure and reduced investment in such infrastructure, or actual or threatened armed conflicts or terrorist attacks, efforts to combat terrorism, military action against a foreign state or group located in a foreign state or heightened security requirements could lead to wear, tear and damage to the Company's equipment, driver dissatisfaction, reduced economic demand, reduced availability of credit, increased prices for fuel or temporary closing of the shipping locations or borders between Canada, the United States and Mexico. Further, the Company may not be able to appropriately adjust its costs and staffing levels to meet changing market demands. In periods of rapid change, it is more difficult to match the Company's staffing level to its business needs.

The Company's operations, with the exception of its brokerage operations, are capital intensive and asset heavy. If anticipated demand differs materially from actual usage, the Company may have too many or too few assets. During periods of decreased customer demand, the Company's asset utilization may suffer, and it may be forced to sell equipment on the open market or turn in equipment under certain equipment leases in order to right size its fleet. This could cause the Company to incur losses on such sales or require payments in connection with equipment the Company turns in, particularly during times of a softer used equipment market, either of which could have a material adverse effect on the Company's profitability.

Although the Company's business volume is not highly concentrated, its customers' financial failures or loss of customer business may materially adversely affect the Company. If the Company were unable to generate sufficient cash from operations, it would need to seek alternative sources of capital, including financing, to meet its capital requirements. In the event that the Company were unable to generate sufficient cash from operations or obtain financing on favorable terms in the future, it may have to limit its fleet size, enter into less favorable financing arrangements or operate its revenue equipment for longer periods, any of which could have a materially adverse effect on its profitability.

Coronavirus and its variants ("COVID-19") outbreak or other similar outbreaks. The recent outbreak of COVID-19, and any other outbreaks of contagious diseases or other adverse public health developments, could have a materially adverse effect on the Company's financial condition, liquidity, results of operations, and cash flows. The outbreak of COVID-19 has resulted in governmental authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter in place orders, increased border and port controls and closures, and shutdowns. There is considerable uncertainty regarding such measures and potential future measures, including vaccine, testing and masks mandates, all of which could limit the Company's ability to meet customer demand, as well as reduce customer demand. Furthermore, government vaccine, testing, and mask mandates may increase the Company's turnover and make recruiting more difficult, particularly among the Company's driver personnel.

Certain of the Company's office personnel have been working remotely, which could disrupt to a certain extent the Company's management, business, finance, and financial reporting teams. The Company may experience an increase in absences or terminations among its driver and non-driver personnel due to the outbreak of COVID-19, which could have a materially adverse effect on the Company's operating results. Further, the Company's operations, particularly in areas of increased COVID-19 infections, could be disrupted resulting in a negative impact on the Company's operations and results.

The outbreak of COVID-19 has significantly increased uncertainty. Risks related to a slowdown or recession are described in the Company's risk factor titled "General Economic, Credit and Business Conditions".

Short-term and long-term developments related to COVID-19 have been unpredictable and the extent to which further developments could impact the Company's operations, financial condition, access to credit, liquidity, results of operations, and cash flows is highly uncertain. Such developments may include the geographic spread and duration of the virus, the distribution and availability of vaccines, vaccine hesitancy, the severity of the disease and the actions that may be taken by various governmental authorities and other third parties in response to the outbreak.

In November 2021, the U.S. Department of Labor's Occupational Safety and Health Administration ("OSHA") published an emergency temporary standard requiring all employers within the U.S. with over 100 employees to ensure that their employees are fully vaccinated or, in the alternative, to ensure that all unvaccinated employees return a negative COVID-19 test at least once a week before coming to work. However, the United States Supreme Court blocked this emergency temporary standard from coming into effect.

Effective January 2022, the Canadian government is prohibiting unvaccinated foreigners, including U.S. citizens, from crossing the border. Effective January 2022, the U.S. Government is prohibiting unvaccinated foreigners, including Canadian citizens, from crossing the U.S.-Canada border and the U.S.-Mexico border. The effect of these border requirements, in addition to any other vaccine, testing, or mask mandates that go into effect may, amongst other things, (i) cause the Company's employees to go to smaller employers, especially if any future mandates are only subject to larger employers, or leave the trucking industry altogether, (ii) result in logistical issues, increased expenses, and operational issues resulting from ensuring compliance with such mandates, such as the costs of arranging for COVID-19 tests for the Company's unvaccinated employees, especially for the Company's unvaccinated drivers, (iii) result in increased costs relating to recruiting and training of drivers, and (iv) result in decreased revenue and other operational issues if we are unable to recruit and retain drivers. Any such vaccine, testing, or mask mandate that is interpreted as to apply to commercial drivers would significantly reduce the pool of drivers available to us and the industry as a whole, exacerbating the current driver shortage even further. Accordingly, any vaccine, testing, or mask mandate, to the extent that it goes into effect, may have a material adverse effect on the Company's business, the Company's operations, and the Company's financial condition and position.

Interest Rate Fluctuations. Future cash flows related to variable-rate financial liabilities could be impacted by changes in benchmark rates such as Bankers' Acceptance or London Interbank Offered Rate (Libor). In addition, the Company is exposed to gains and losses arising from changes in interest rates through its derivative financial instruments carried at fair value.

Currency Fluctuations. The Company's financial results are reported in U.S. dollars and a large portion of the Company's revenue and operating costs are realized in currencies other than the U.S. dollar, primarily the Canadian dollar. The exchange rates between these currencies and the U.S. dollar have fluctuated in recent years and will likely continue to do so in the future. It is not possible to mitigate all exposure to fluctuations in foreign currency exchange rates. The results of operations are therefore affected by movements of these currencies against the U.S. dollar.

Price and Availability of Fuel. Fuel is one of the Company's largest operating expenses. Diesel fuel prices fluctuate greatly due to factors beyond the Company's control, such as political events, commodity futures trading, currency fluctuations, natural and man-made disasters, terrorist activities and armed conflicts, any of which may lead to an increase in the cost of fuel. Fuel prices are also affected by the rising demand for fuel in developing countries and could be materially adversely affected by the use of crude oil and oil reserves for purposes other than fuel production and by diminished drilling activity. Such events may lead not only to increases in fuel prices, but also to fuel shortages and disruptions in the fuel supply chain. Because the Company's operations are dependent upon diesel fuel, significant diesel fuel cost increases, shortages or supply disruptions could have a material adverse effect on the Company's business, financial condition and results of operations.

While the Company has fuel surcharge programs in place with a majority of the Company's customers, which historically have helped the Company offset the majority of the negative impact of rising fuel prices, the Company also incurs fuel costs that cannot be recovered even with respect to customers with which the Company maintains fuel surcharge programs, such as those associated with non-revenue generating miles or time when the Company's engines are idling. Moreover, the terms of each customer's fuel surcharge program vary from one division to another, and the recoverability for fuel price increases varies as well. In addition, because the Company's fuel surcharge recovery lags behind changes in fuel prices, the Company's fuel surcharge recovery may not capture the increased costs the Company pays for fuel, especially when prices are rising. This could lead to fluctuations in the Company's levels of reimbursement, such as has occurred in the past. There can be no assurance that such fuel surcharges can be maintained indefinitely or that they will be fully effective.

Insurance. The Company's operations are subject to risks inherent in the transportation sector, including personal injury, property damage, workers' compensation and employment and other issues. The Company's future insurance and claims expenses may exceed historical levels, which could reduce the Company's earnings. The Company subscribes for insurance in amounts it considers appropriate in the circumstances and having regard to industry norms. Like many in the industry, the Company self-insures a significant portion of the claims exposure related to cargo loss, bodily injury, workers' compensation and property damages. Due to the Company's significant self-insured amounts, the Company has exposure to fluctuations in the number or severity of claims and the risk of being required to accrue or pay additional amounts if the Company's estimates are revised or claims ultimately prove to be in excess of the amounts originally assessed. Further, the Company's self-insured retention levels could change and result in more volatility than in recent years.

The Company holds a fully-fronted policy of CAD $10 million limit per occurrence for automobile bodily injury, property damage and commercial general liability for its Canadian Insurance Program, subject to certain exceptions. The Company retains a deductible of US $2.25 million for certain U.S. subsidiaries on their primary US $5 million limit policies for automobile bodily injury and property damage, also subject to certain exceptions, and a 50% quota share deductible for the US $5 million limit in excess of US $5 million. The Company retains a deductible of US $1 million on its primary US $5 million limit policy for certain U.S. subsidiaries for commercial general liability. The Company retains deductibles of up to US $1 million per occurrence for workers' compensation claims. The Company's liability coverage has a total limit of US $100 million per occurrence for both its Canadian and U.S. divisions.

Although the Company believes its aggregate insurance limits should be sufficient to cover reasonably expected claims, it is possible that the amount of one or more claims could exceed the Company's aggregate coverage limits or that the Company will chose not to obtain insurance in respect of such claims. If any claim were to exceed the Company's coverage, the Company would bear the excess, in addition to the Company's other self-insured amounts. The Company's results of operations and financial condition could be materially and adversely affected if (i) cost per claim or the number of claims significantly exceeds the Company's coverage limits or retention amounts; (ii) the Company experiences a claim in excess of its coverage limits; (iii) the Company's insurance carriers fail to pay on the Company's insurance claims; (iv) the Company experiences a significant increase in premiums; or (v) the Company experiences a claim for which coverage is not provided, either because the Company chose not to obtain insurance as a result of high premiums or because the claim is not covered by insurance which the Company has in place.

The Company accrues the costs of the uninsured portion of pending claims based on estimates derived from the Company's evaluation of the nature and severity of individual claims and an estimate of future claims development based upon historical claims development trends. Actual settlement of the Company's retained claim liabilities could differ from its estimates due to a number of uncertainties, including evaluation of severity, legal costs and claims that have been incurred but not reported. Due to the Company's high retained amounts, it has significant exposure to fluctuations in the number and severity of claims. If the Company were required to accrue or pay additional amounts because its estimates are revised or the claims ultimately prove to be more severe than originally assessed, its financial condition and results of operations may be materially adversely affected.

Employee Relations. With the acquisition of UPS Freight and prior Canadian acquisitions, the Company has a substantial number of unionized employees in the U.S. and Canada. Although the Company believes that its relations with its employees are satisfactory, no assurance can be given that the Company will be able to successfully extend or renegotiate the Company's current collective agreements as they expire from time to time or that additional employees will not attempt to unionize.

The unionization of the Company's employees in additional business units, adverse changes in terms under collective bargaining agreements, or actual or threatened strikes, work stoppages or slow downs, could have a material adverse effect on the Company's business, customer retention, results of operations, financial condition and liquidity, and could cause significant disruption of, or inefficiencies in, its operations, because:

- restrictive work rules could hamper the Company's ability to improve or sustain operating efficiency or could impair the Company's service reputation and limit its ability to provide certain services;
- a strike or work stoppage could negatively impact the Company's profitability and could damage customer and employee relationships;
- shippers may limit their use of unionized trucking companies because of the threat of strikes and other work stoppages;
- the Company could fail to extend or renegotiate its collective agreements or experience material increases in wages or benefits;
- disputes with the Company's unions could arise; and
- an election and bargaining process could divert management's time and attention from the Company's overall objectives and impose significant expenses.

The Company's collective agreements have a variety of expiration dates, to the last of which is in September 2024. In a small number of cases, the expiration date of the collective agreement has passed; in such cases, the Corporation is generally in the process of renegotiating the agreement. The Company cannot predict the effect which any new collective agreements or the failure to enter into such agreements upon the expiry of the current agreements may have on its operations.

The Company has limited experience with unionized employees in the U.S. There may be additional risks related to the increased number of unionized U.S. employees from the acquisition of UPS Freight. The impact the Company's unionized operations could have on non-unionized operations is uncertain.

Drivers. Increases in driver compensation or difficulties attracting and retaining qualified drivers could have a material adverse effect on the Company's profitability and the ability to maintain or grow the Company's fleet.

Like many in the transportation sector, the Company experiences substantial difficulty in attracting and retaining sufficient numbers of qualified drivers. The trucking industry periodically experiences a shortage of qualified drivers. The Company believes the shortage of qualified drivers and intense competition for drivers from other transportation companies will create difficulties in maintaining or increasing the number of drivers and may negatively impact the Company's ability to engage a sufficient number of drivers, and the Company's inability to do so may negatively impact its operations. Further, the compensation the Company offers its drivers and independent contractor expenses are subject to market conditions, and the Company may find it necessary to increase driver and independent contractor compensation in future periods.

In addition, the Company and many other trucking companies suffer from a high turnover rate of drivers in the U.S. TL market. This high turnover rate requires the Company to continually recruit a substantial number of new drivers in order to operate existing revenue equipment. Driver shortages are exacerbated during periods of economic expansion, in which alternative employment opportunities, including in the construction and manufacturing industries, which may offer better compensation and/or more time at home, are more plentiful and freight demand increases, or during periods of economic downturns, in which unemployment benefits might be extended and financing is limited for independent contractors who seek to purchase equipment, or the scarcity or growth of loans for students who seek financial aid for driving school. In addition, enrollment at driving schools may be further limited by COVID-19 social distancing requirements, vaccine, testing, and mask mandates, and other regulatory requirements that reduces the number of eligible drivers. The lack of adequate tractor parking along some U.S. highways and congestion caused by inadequate highway funding may make it more difficult for drivers to comply with hours of service regulations and cause added stress for drivers, further reducing the pool of eligible drivers. The Company's use of team-driven tractors for expedited shipments requires two drivers per tractor, which further increases the number of drivers the Company must recruit and retain in comparison to operations that require one driver per tractor. The Company also employs driver hiring standards, which could further reduce the pool of available drivers from which the Company would hire. If the Company is unable to continue to attract and retain a sufficient number of drivers, the Company could be forced to, among other things, adjust the Company's compensation packages, increase the number of the Company's tractors without drivers or operate with fewer trucks and face difficulty meeting shipper demands, any of which could adversely affect the Company's growth and profitability.

Independent Contractors. The Company's contracts with U.S. independent contractors are governed by U.S. federal leasing regulations, which impose specific requirements on the Company and the independent contractors. If more stringent state or U.S. federal leasing regulations are adopted, U.S. independent contractors could be deterred from becoming independent contractor drivers, which could materially adversely affect the Company's goal of maintaining its current fleet levels of independent contractors.

The Company provides financing to certain qualified Canadian independent contractors and financial guarantees to a small number of U.S. independent contractors. If the Company were unable to provide such financing or guarantees in the future, due to liquidity constraints or other restrictions, it may experience a decrease in the number of independent contractors it is able to engage. Further, if independent contractors the Company engages default under or otherwise terminate the financing arrangements and the Company is unable to find replacement independent contractors or seat the tractors with its drivers, the Company may incur losses on amounts owed to it with respect to such tractors.

Pursuant to the Company's fuel surcharge program with independent contractors, the Company pays independent contractors with which it contracts a fuel surcharge that increases with the increase in fuel prices. A significant increase or rapid fluctuation in fuel prices could cause the Company's costs under this program to be higher than the revenue the Company receives under its customer fuel surcharge programs.

U.S. tax and other regulatory authorities, as well as U.S. independent contractors themselves, have increasingly asserted that U.S. independent contractor drivers in the trucking industry are employees rather than independent contractors, and the Company's classification of independent contractors has been the subject of audits by such authorities from time to time. U.S. federal and state legislation has been introduced in the past that would make it easier for tax and other authorities to reclassify independent contractors as employees, including legislation to increase the recordkeeping requirements for those that engage independent contractor drivers and to increase the penalties for companies who misclassify their employees and are found to have violated employees' overtime and/or wage requirements. The most recent example being the Protecting the Rights to Organize ("PRO") Act, which was passed by the U.S. House of Representatives and received by the U.S. Senate in March 2021 and remains with the U.S. Senate's Committee on Health, Education, Labor, and Pensions. The PRO Act proposes to apply the "ABC Test" (described below) for classifying workers under Federal Fair Labor Standards Act claims. It is unknown whether any of the proposed legislation will become law or whether any industry-based exemptions from any resulting law will be granted. Additionally, U.S. federal legislators have sought to abolish the current safe harbor allowing taxpayers meeting certain criteria to treat individuals as independent contractors if they are following a long-standing, recognized practice, to extend the U.S. Fair Labor Standards Act to independent contractors and to impose notice requirements based on employment or independent contractor status and fines for failure to comply. Some U.S. states have put initiatives in place to increase their revenue from items such as unemployment, workers' compensation and income taxes, and a reclassification of independent contractors as employees would help states with this initiative. Further, courts in certain U.S. states have issued decisions that could result in a greater likelihood that independent contractors would be judicially classified as employees in such states.

In September 2019, California enacted a new law, A.B. 5 ("AB5"), that made it more difficult for workers to be classified as independent contractors (as opposed to employees). AB5 provides that the three-pronged "ABC Test" must be used to determine worker classifications in wage order claims. Under the ABC Test, a worker is presumed to be an employee and the burden to demonstrate their independent contractor status is on the hiring company through satisfying all three of the following criteria: (a) the worker is free from control and direction in the performance of services; (b) the worker is performing work outside the usual course of the business of the hiring company; and (c) the worker is customarily engaged in an independently established trade, occupation, or business. How AB5 will be enforced is still to be determined. In January 2021, however, the California Supreme Court ruled that the ABC Test could apply retroactively to all cases not yet final as of the date the original decision was rendered, April 2018. While it was set to enter into effect in January 2020, a U.S. federal judge in California issued a preliminary injunction barring the enforcement of AB5 on the trucking industry while the California Trucking Association ("CTA") moves forward with its suit seeking to invalidate AB5. The Ninth Circuit rejected the reasoning behind the injunction in April 2021, ruling that AB5 is not pre-empted by U.S. federal law, but granted a stay of the AB5 mandate in June 2021 (preventing its application and temporarily continuing the injunction) while the CTA petitioned the United States Supreme Court (the "Supreme Court") to review the decision. In November 2021, the Supreme Court requested that the U.S. solicitor general weigh in on the case. The injunction will remain in place until the Supreme Court makes a decision on whether to proceed in hearing the case. While the stay of the AB5 mandate provides temporary relief to the enforcement of AB5, it remains unclear how long such relief will last, and whether the CTA will ultimately be successful in invalidating the law. It is also possible AB5 will spur similar legislation in states other than California, which could adversely affect the Company's results of operations and profitability.

U.S. class action lawsuits and other lawsuits have been filed against certain members of the Company's industry seeking to reclassify independent contractors as employees for a variety of purposes, including workers' compensation and health care coverage. In addition, companies that use lease purchase independent contractor programs, such as the Company, have been more susceptible to reclassification lawsuits, and several recent decisions have been made in favor of those seeking to classify independent contractor truck drivers as employees.

U.S. taxing and other regulatory authorities and courts apply a variety of standards in their determination of independent contractor status. If the independent contractors with whom the Company contracts are determined to be employees, the Company would incur additional exposure under U.S. federal and state tax, workers' compensation, unemployment benefits, labor, employment and tort laws, including for prior periods, as well as potential liability for employee benefits and tax withholdings, and the Company's business, financial condition and results of operations could be materially adversely affected. The Company has settled certain class action cases in Massachusetts and California in the past with independent contractors who alleged they were misclassified.

Acquisitions and Integration Risks. Historically, acquisitions have been a part of the Company's growth strategy. The Company may not be able to successfully integrate acquisitions into the Company's business, or may incur significant unexpected costs in doing so. Further, the process of integrating acquired businesses may be disruptive to the Company's existing business and may cause an interruption or reduction of the Company's business as a result of the following factors, among others:

- loss of drivers, key employees, customers or contracts;
- possible inconsistencies in or conflicts between standards, controls, procedures and policies among the combined companies and the need to implement company-wide financial, accounting, information technology and other systems;
- failure to maintain or improve the safety or quality of services that have historically been provided;
- inability to retain, integrate, hire or recruit qualified employees;
- unanticipated environmental or other liabilities;
- risks of entering new markets or business offerings in which we have had no or only limited prior experience;
- failure to coordinate geographically dispersed organizations; and
- the diversion of management's attention from the Company's day-to-day business as a result of the need to manage any disruptions and difficulties and the need to add management resources to do so.

Given the nature and size of UPS Freight, as well as the structure of the acquisition as a carveout from UPS, the acquisition of UPS Freight presents the following risks, in addition to risks noted elsewhere in these risk factors:

- a large portion of the business of UPS Freight prior to the acquisition was with affiliates of UPS. While there are transportation service agreements in effect with such affiliates of UPS, such affiliates may decide to reduce or eliminate business with the Company in the future and we have limited contractual protections to prevent the loss of such business;
- some of the information and operating systems of UPS Freight were integrated with UPS prior to the acquisition. The Company is in the process of transitioning such systems and could experience disruptions during the transition or difficulty or delay in building its systems and personnel to operate them;
- the Company had limited experience in the U.S. LTL market prior to the acquisition and we may be unsuccessful in integrating UPS Freight and operating it profitably;
- given the size and complexity of the acquired U.S. LTL operations of UPS Freight, management's attention may be diverted from other areas of the Company; and
- the Company acquired a substantial number of unionized U.S. employees in the acquisition and unionized employees present significant risks.

Anticipated cost savings, synergies, revenue enhancements or other benefits from any acquisitions that the Company undertakes may not materialize in the expected timeframe or at all. The Company's estimated cost savings, synergies, revenue enhancements and other benefits from acquisitions are subject to a number of assumptions about the timing, execution and costs associated with realizing such synergies. Such assumptions are inherently uncertain and are subject to a wide variety of significant business, economic and competition risks. There can be no assurance that such assumptions will turn out to be correct and, as a result, the amount of cost savings, synergies, revenue enhancements and other benefits the Company actually realizes and/or the timing of such realization may differ significantly (and may be significantly lower) from the ones the Company estimated, and the Company may incur significant costs in reaching the estimated cost savings, synergies, revenue enhancements or other benefits. Further, management of acquired operations through a decentralized approach may create inefficiencies or inconsistencies.

Many of the Company's recent acquisitions have involved the purchase of stock of existing companies. These acquisitions, as well as acquisitions of substantially all of the assets of a company, may expose the Company to liability for actions taken by an acquired business and its management before the Company's acquisition. The due diligence the Company conducts in connection with an acquisition and any contractual guarantees or indemnities that the Company receives from the sellers of acquired companies may not be sufficient to protect the Company from, or compensate the Company for, actual liabilities. The representations made by the sellers expire at varying periods after the closing. A material liability associated with an acquisition, especially where there is no right to indemnification, could adversely affect the Company's results of operations, financial condition and liquidity.

The Company continues to review acquisition and investment opportunities in order to acquire companies and assets that meet the Company's investment criteria, some of which may be significant. Depending on the number of acquisitions and investments and funding requirements, the Company may need to raise substantial additional capital and increase the Company's indebtedness. Instability or disruptions in the capital markets, including credit markets, or the deterioration of the Company's financial condition due to internal or external factors, could restrict or prohibit access to the capital markets and could also increase the Company's cost of capital. To the extent the Company raises additional capital through the sale of equity, equity-linked or convertible debt securities, the issuance of such securities could result in dilution to the Company's existing shareholders. If the Company raises additional funds through the issuance of debt securities, the terms of such debt could impose additional restrictions and costs on the Company's operations. Additional capital, if required, may not be available on acceptable terms or at all. If the Company is unable to obtain additional capital at a reasonable cost, the Company may be required to forego potential acquisitions, which could impair the execution of the Company's growth strategy.

The Company routinely evaluates its operations and considers opportunities to divest certain of its assets. In addition, the Company faces competition for acquisition opportunities. This external competition may hinder the Company's ability to identify and/or consummate future acquisitions successfully. There is also a risk of impairment of acquired goodwill and intangible assets. This risk of impairment to goodwill and intangible assets exists because the assumptions used in the initial valuation, such as interest rates or forecasted cash flows, may change when testing for impairment is required.

There is no assurance that the Company will be successful in identifying, negotiating, consummating or integrating any future acquisitions. If the Company does not make any future acquisitions, or divests certain of its operations, the Company's growth rate could be materially and adversely affected. Any future acquisitions the Company does undertake could involve the dilutive issuance of equity securities or the incurring of additional indebtedness.

Growth. There is no assurance that in the future, the Company's business will grow substantially or without volatility, nor is there any assurance that the Company will be able to effectively adapt its management, administrative and operational systems to respond to any future growth. Furthermore, there is no assurance that the Company's operating margins will not be adversely affected by future changes in and expansion of its business or by changes in economic conditions or that it will be able to sustain or improve its profitability in the future.

Environmental Matters. The Company uses storage tanks at certain of its Canadian and U.S. transportation terminals. Canadian and U.S. laws and regulations generally impose potential liability on the present and former owners or occupants or custodians of properties on which contamination has occurred, as well as on parties who arranged for the disposal of waste at such properties. Although the Company is not aware of any contamination which, if remediation or clean-up were required, would have a material adverse effect on it, certain of the Company's current or former facilities have been in operation for many years and over such time, the Company or the prior owners, operators or custodians of the properties may have generated and disposed of wastes which are or may be considered hazardous. Liability under certain of these laws and regulations may be imposed on a joint and several basis and without regard to whether the Company knew of, or was responsible for, the presence or disposal of these materials or whether the activities giving rise to the contamination was legal when it occurred. In addition, the presence of those substances, or the failure to properly dispose of or remove those substances, may adversely affect the Company's ability to sell or rent that property. If the Company incurs liability under these laws and regulations and if it cannot identify other parties which it can compel to contribute to its expenses and who are financially able to do so, it could have a material adverse effect on the Company's financial condition and results of operations. There can be no assurance that the Company will not be required at some future date to incur significant costs or liabilities pursuant to environmental laws, or that the Company's operations, business or assets will not be materially affected by current or future environmental laws.

The Company's transportation operations and its properties are subject to extensive and frequently-changing federal, provincial, state, municipal and local environmental laws, regulations and requirements in Canada, the United States and Mexico relating to, among other things, air emissions, the management of contaminants, including hazardous substances and other materials (including the generation, handling, storage, transportation and disposal thereof), discharges and the remediation of environmental impacts (such as the contamination of soil and water, including ground water). A risk of environmental liabilities is inherent in transportation operations, historic activities associated with such operations and the ownership, management and control of real estate.

Environmental laws may authorize, among other things, federal, provincial, state and local environmental regulatory agencies to issue orders, bring administrative or judicial actions for violations of environmental laws and regulations or to revoke or deny the renewal of a permit. Potential penalties for such violations may include, among other things, civil and criminal monetary penalties, imprisonment, permit suspension or revocation and injunctive relief. These agencies may also, among other things, revoke or deny renewal of the Company's operating permits, franchises or licenses for violations or alleged violations of environmental laws or regulations and impose environmental assessment, removal of contamination, follow up or control procedures.

Environmental Contamination. The Company could be subject to orders and other legal actions and procedures brought by governmental or private parties in connection with environmental contamination, emissions or discharges. If the Company is involved in a spill or other accident involving hazardous substances, if there are releases of hazardous substances the Company transports, if soil or groundwater contamination is found at the Company's current or former facilities or results from the Company's operations, or if the Company is found to be in violation of applicable laws or regulations, the Company could be subject to cleanup costs and liabilities, including substantial fines or penalties or civil and criminal liability, any of which could have a materially adverse effect on the Company's business and operating results.

Key Personnel. The future success of the Company will be based in large part on the quality of the Company's management and key personnel. The Company's management and key personal possess valuable knowledge about the transportation and logistics industry and their knowledge of and relationships with the Company's key customers and vendors would be difficult to replace. The loss of key personnel could have a negative effect on the Company. There can be no assurance that the Company will be able to retain its current key personnel or, in the event of their departure, to develop or attract new personnel of equal quality.

Dependence on Third Parties. Certain portions of the Company's business are dependent upon the services of third-party capacity providers, including other transportation companies. For that portion of the Company's business, the Company does not own or control the transportation assets that deliver the customers' freight, and the Company does not employ the people directly involved in delivering the freight. This reliance could cause delays in reporting certain events, including recognizing revenue and claims. These third-party providers seek other freight opportunities and may require increased compensation in times of improved freight demand or tight trucking capacity. The Company's inability to secure the services of these third parties could significantly limit the Company's ability to serve its customers on competitive terms. Additionally, if the Company is unable to secure sufficient equipment or other transportation services to meet the Company's commitments to its customers or provide the Company's services on competitive terms, the Company's operating results could be materially and adversely affected. The Company's ability to secure sufficient equipment or other transportation services is affected by many risks beyond the Company's control, including equipment shortages in the transportation industry, particularly among contracted carriers, interruptions in service due to labor disputes, changes in regulations impacting transportation and changes in transportation rates.

Loan Default. The agreements governing the Company's indebtedness, including the Credit Facility and the Term Loan, contain certain restrictions and other covenants relating to, among other things, funded debt, distributions, liens, investments, acquisitions and dispositions outside the ordinary course of business and affiliate transactions. If the Company fails to comply with any of its financing arrangement covenants, restrictions and requirements, the Company could be in default under the relevant agreement, which could cause cross-defaults under other financing arrangements. In the event of any such default, if the Company failed to obtain replacement financing or amendments to or waivers under the applicable financing arrangement, the Company may be unable to pay dividends to its shareholders, and its lenders could cease making further advances, declare the Company's debt to be immediately due and payable, fail to renew letters of credit, impose significant restrictions and requirements on the Company's operations, institute foreclosure procedures against their collateral, or impose significant fees and transaction costs. If debt acceleration occurs, economic conditions may make it difficult or expensive to refinance the accelerated debt or the Company may have to issue equity securities, which would dilute share ownership. Even if new financing is made available to the Company, credit may not be available to the Company on acceptable terms. A default under the Company's financing arrangements could result in a materially adverse effect on its liquidity, financial condition and results of operations. As at the date hereof, the Company is in compliance with all of its debt covenants and obligations.

Credit Facilities. The Company has significant ongoing capital requirements that could affect the Company's profitability if the Company is unable to generate sufficient cash from operations and/or obtain financing on favorable terms. The trucking industry and the Company's trucking operations are capital intensive, and require significant capital expenditures annually. The amount and timing of such capital expenditures depend on various factors, including anticipated freight demand and the price and availability of assets. If anticipated demand differs materially from actual usage, the Company's trucking operations may have too many or too few assets. Moreover, resource requirements vary based on customer demand, which may be subject to seasonal or general economic conditions. During periods of decreased customer demand, the Company's asset utilization may suffer, and it may be forced to sell equipment on the open market or turn in equipment under certain equipment leases in order to right size its fleet. This could cause the Company to incur losses on such sales or require payments in connection with such turn ins, particularly during times of a softer used equipment market, either of which could have a materially adverse effect on the Company's profitability.

The Company's indebtedness may increase from time to time in the future for various reasons, including fluctuations in results of operations, capital expenditures and potential acquisitions. The agreements governing the Company's indebtedness, including the Credit Facility and the Term Loan, mature on various dates, ranging from 2022 to 2036. There can be no assurance that such agreements governing the Company's indebtedness will be renewed or refinanced, or if renewed or refinanced, that the renewal or refinancing will occur on equally favorable terms to the Company. The Company's ability to pay dividends to shareholders and ability to purchase new revenue equipment may be adversely affected if the Company is not able to renew the Credit Facility or the Term Loan or arrange refinancing of any indebtedness, or if such renewal or refinancing, as the case may be, occurs on terms materially less favorable to the Company than at present. If the Company is unable to generate sufficient cash flow from operations and obtain financing on terms favorable to the Company in the future, the Company may have to limit the Company's fleet size, enter into less favorable financing arrangements or operate the Company's revenue equipment for longer periods, any of which may have a material adverse effect on the Company's operations.

Increased prices for new revenue equipment, design changes of new engines, decreased availability of new revenue equipment and future use of autonomous tractors could have a material adverse effect on the Company's business, financial condition, operations, and profitability.

The Company is subject to risk with respect to higher prices for new equipment for its trucking operations. The Company has experienced an increase in prices for new tractors in recent years, and the resale value of the tractors has not increased to the same extent. Prices have increased and may continue to increase, due to, among other reasons, (i) increases in commodity prices; (ii) U.S. government regulations applicable to newly-manufactured tractors, trailers and diesel engines; (iii) the pricing discretion of equipment manufacturers; and (iv) component and supply chain issues that limit availability of new equipment and increase prices. Increased regulation has increased the cost of the Company's new tractors and could impair equipment productivity, in some cases, resulting in lower fuel mileage, and increasing the Company's operating expenses. Further regulations with stricter emissions and efficiency requirements have been proposed that would further increase the Company's costs and impair equipment productivity. These adverse effects, combined with the uncertainty as to the reliability of the vehicles equipped with the newly designed diesel engines and the residual values realized from the disposition of these vehicles could increase the Company's costs or otherwise adversely affect the Company's business or operations as the regulations become effective. Over the past several years, some manufacturers have significantly increased new equipment prices, in part to meet new engine design and operations requirements. Furthermore, future use of autonomous tractors could increase the price of new tractors and decrease the value of used non-autonomous tractors. The Company's business could be harmed if it is unable to continue to obtain an adequate supply of new tractors and trailers for these or other reasons. As a result, the Company expects to continue to pay increased prices for equipment and incur additional expenses for the foreseeable future.

Tractor and trailer vendors may reduce their manufacturing output in response to lower demand for their products in economic downturns or shortages of component parts. Currently, tractor and trailer manufacturers are experiencing significant shortages of semiconductor chips and other component parts and supplies, including steel, forcing many manufacturers to curtail or suspend their production, which has led to a lower supply of tractors and trailers, higher prices, and lengthened trade cycles, which could have a material adverse effect on the Company's business, financial condition, and results of operations, particularly the Company's maintenance expense and driver retention.

The Company has certain revenue equipment leases and financing arrangements with balloon payments at the end of the lease term equal to the residual value the Company is contracted to receive from certain equipment manufacturers upon sale or trade back to the manufacturers. If the Company does not purchase new equipment that triggers the trade-back obligation, or the equipment manufacturers do not pay the contracted value at the end of the lease term, the Company could be exposed to losses equal to the excess of the balloon payment owed to the lease or finance company over the proceeds from selling the equipment on the open market.

The Company has trade-in and repurchase commitments that specify, among other things, what its primary equipment vendors will pay it for disposal of a certain portion of the Company's revenue equipment. The prices the Company expects to receive under these arrangements may be higher than the prices it would receive in the open market. The Company may suffer a financial loss upon disposition of its equipment if these vendors refuse or are unable to meet their financial obligations under these agreements, it does not enter into definitive agreements that reflect favorable equipment replacement or trade-in terms, it fails to or is unable to enter into similar arrangements in the future, or it does not purchase the number of new replacement units from the vendors required for such trade-ins.

Used equipment prices are subject to substantial fluctuations based on freight demand, supply of used trucks, availability of financing, presence of buyers for export and commodity prices for scrap metal. These and any impacts of a depressed market for used equipment could require the Company to dispose of its revenue equipment below the carrying value. This leads to losses on disposal or impairments of revenue equipment, when not otherwise protected by residual value arrangements. Deteriorations of resale prices or trades at depressed values could cause losses on disposal or impairment charges in future periods.

Difficulty in obtaining goods and services from the Company's vendors and suppliers could adversely affect its business.

The Company is dependent upon its vendors and suppliers for certain products and materials. The Company believes that it has positive vendor and supplier relationships and it is generally able to obtain acceptable pricing and other terms from such parties. If the Company fails to maintain positive relationships with its vendors and suppliers, or if its vendors and suppliers are unable to provide the products and materials it needs or undergo financial hardship, the Company could experience difficulty in obtaining needed goods and services because of production interruptions, limited material availability or other reasons. As a consequence, the Company's business and operations could be adversely affected.

Customer and Credit Risks. The Company provides services to clients primarily in Canada, the United States and Mexico. The concentration of credit risk to which the Company is exposed is limited due to the significant number of customers that make up its client base and their distribution across different geographic areas. Furthermore, no client accounted for more than 5% of the Company's total accounts receivable for the year ended December 31, 2021. Generally, the Company does not have long-term contracts with its major customers. Accordingly, in response to economic conditions, supply and demand factors in the industry, the Company's performance, the Company's customers' internal initiatives or other factors, the Company's customers may reduce or eliminate their use of the Company's services, or may threaten to do so in order to gain pricing and other concessions from the Company.

Economic conditions and capital markets may adversely affect the Company's customers and their ability to remain solvent. The customers' financial difficulties can negatively impact the Company's results of operations and financial condition, especially if those customers were to delay or default in payment to the Company. For certain customers, the Company has entered into multi-year contracts, and the rates the Company charges may not remain advantageous.

Availability of Capital. If the economic and/or the credit markets weaken, or the Company is unable to enter into acceptable financing arrangements to acquire revenue equipment, make investments and fund working capital on terms favorable to it, the Company's business, financial results and results of operations could be materially and adversely affected. The Company may need to incur additional indebtedness, reduce dividends or sell additional shares in order to accommodate these items. A decline in the credit or equity markets and any increase in volatility could make it more difficult for the Company to obtain financing and may lead to an adverse impact on the Company's profitability and operations.

Information Systems. The Company depends heavily on the proper functioning, availability and security of the Company's information and communication systems, including financial reporting and operating systems, in operating the Company's business. The Company's operating system is critical to understanding customer demands, accepting and planning loads, dispatching equipment and drivers and billing and collecting for the Company's services. The Company's financial reporting system is critical to producing accurate and timely financial statements and analyzing business information to help the Company manage its business effectively. The Company receives and transmits confidential data with and among its customers, drivers, vendors, employees and service providers in the normal course of business.

The Company's operations and those of its technology and communications service providers are vulnerable to interruption by natural disasters, such as fires, storms, and floods, which may increase in frequency and severity due to climate change, as well as other events beyond the Company's control, including cybersecurity breaches and threats, such as hackers, malware and viruses, power loss, telecommunications failure, terrorist attacks and Internet failures. The Company's systems are also vulnerable to unauthorized access and viewing, misappropriation, altering or deleting of information, including customer, driver, vendor, employee and service provider information and its proprietary business information. If any of the Company's critical information systems fail, are breached or become otherwise unavailable, the Company's ability to manage its fleet efficiently, to respond to customers' requests effectively, to maintain billing and other records reliably, to maintain the confidentiality of the Company's data and to bill for services and prepare financial statements accurately or in a timely manner would be challenged. Any significant system failure, upgrade complication, cybersecurity breach or other system disruption could interrupt or delay the Company's operations, damage its reputation, cause the Company to lose customers, cause the Company to incur costs to repair its systems, pay fines or in respect of litigation or impact the Company's ability to manage its operations and report its financial performance, any of which could have a material adverse effect on the Company's business.

Litigation. The Company's business is subject to the risk of litigation by employees, customers, vendors, government agencies, shareholders and other parties. The outcome of litigation is difficult to assess or quantify, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. The cost to defend litigation may also be significant. Not all claims are covered by the Company's insurance, and there can be no assurance that the Company's coverage limits will be adequate to cover all amounts in dispute. In the United States, where the Company has growing operations, many trucking companies have been subject to class-action lawsuits alleging violations of various federal and state wage laws regarding, among other things, employee classification, employee meal breaks, rest periods, overtime eligibility, and failure to pay for all hours worked. A number of these lawsuits have resulted in the payment of substantial settlements or damages by the defendants. The Company may at some future date be subject to such a class-action lawsuit. In addition, the Company may be subject, and has been subject in the past, to litigation resulting from trucking accidents. The number and severity of litigation claims may be worsened by distracted driving by both truck drivers and other motorists. To the extent the Company experiences claims that are uninsured, exceed the Company's coverage limits, involve significant aggregate use of the Company's self-insured retention amounts or cause increases in future funded premiums, the resulting expenses could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

Internal Control. Beginning with the year ended December 31, 2021, the Company is required, pursuant to Section 404 of the U.S. Sarbanes-Oxley Act, to furnish a report by management on the effectiveness of its internal control over financial reporting. In addition, the Company's independent registered public accounting firm must report on its evaluation of the Company's internal control over financial reporting. The Company has identified material weaknesses as at December 31, 2021 in the Company's internal control over financial reporting related to Information technology general controls and the order to cash process. As a result of these material weaknesses, the Company has concluded that it did not maintain effective disclosure controls and procedures and internal controls over financial reporting. Further, Company's independent registered public accounting firm has issued an adverse opinion indicating that the Company has not maintained effective internal control over financial reporting as at December 31, 2021. The Company's management team has begun taking action to develop a remediation plan for these material weaknesses, and while the Company expects to remediate these in fiscal 2022, the Company cannot be certain when the remediation will be completed. If the Company fails to fully remediate these material weaknesses or fails to maintain effective internal controls in the future, it could result in a material misstatement of the Company's financial statements, which could cause investors to lose confidence in the Company's financial statements and cause the trading price of the Common Shares to decline.

Material Transactions. The Company has acquired numerous companies pursuant to its acquisition strategy and, in addition, has sold business units, including the sale in February 2016 of its then-Waste

Management segment for CAD $800 million. The Company buys and sells business units in the normal course of its business. Accordingly, at any given time, the Company may consider, or be in the process of negotiating, a number of potential acquisitions and dispositions, some of which may be material in size. In connection with such potential transactions, the Company regularly enters into non-disclosure or confidentiality agreements, indicative term sheets, non-binding letters of intent and other similar agreements with potential sellers and buyers, and conducts extensive due diligence as applicable. These potential transactions may relate to some or all of the Company's four reportable segments, that is, TL, Logistics, LTL, and Package and Courier. The Company's active acquisition and disposition strategy requires a significant amount of management time and resources. Although the Company complies with its disclosure obligations under applicable securities laws, the announcement of any material transaction by the Company (or rumours thereof, even if unfounded) could result in volatility in the market price and trading volume of the Common Shares. Further, the Company cannot predict the reaction of the market, or of the Company's stakeholders, customers or competitors, to the announcement of any such material transaction or to rumours thereof.

Dividends and Share Repurchases. The payment of future dividends and the amount thereof is uncertain and is at the sole discretion of the Board of Directors of the Company and is considered each quarter. The payment of dividends is dependent upon, among other things, operating cash flow generated by the Company, its financial requirements for operations, the execution of its growth strategy and the satisfaction of solvency tests imposed by the Canada Business Corporations Act for the declaration and payment of dividends. Similarly, any future repurchase of shares by the Company is at the sole discretion of the Board of Directors and is dependent on the factors described above. Any future repurchase of shares by the Company is uncertain.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities, the disclosures about contingent assets and liabilities, and the reported amounts of revenues and expenses. Such estimates include establishing the fair value of intangible assets related to business combinations, determining estimates and assumptions related to impairment tests for goodwill, determining estimates and assumptions related to the accrued benefit obligation, and determining estimates and assumptions related to the evaluation of provisions for self-insurance and litigations. These estimates and assumptions are based on management's best estimates and judgments. Key drivers in critical estimates are as follows:

Fair value of intangible assets related to business combinations

- Projected future cashflows
- Acquisition specific discount rate
- Attrition rate established from historical trends

Impairment tests for goodwill

- Discount rates
- Forecasted revenue growth, operating margin, EBITDA margin as well as capital expenditures
- Comparable public company EBITDA multiples

Accrued benefit obligation

- Discount rates
- Salary growth
- Mortality tables

Self-Insurance and litigations

- Historical claim experience, severity factors affecting the amounts ultimately paid, and current and expected levels of cost per claims
- Third party evaluations

Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from these estimates. Changes in those estimates and assumptions resulting from changes in the economic environment will be reflected in the financial statements of future periods.

CHANGES IN ACCOUNTING POLICIES

Adopted during the period

The following new standards, and amendments to standards and interpretations, are effective for the first time for interim periods beginning on or after January 1, 2022, and have been applied in preparing the unaudited condensed consolidated interim financial statements:

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

These new standards did not have a material impact on the Company's unaudited condensed consolidated interim financial statements.

To be adopted in future periods

The following new standards and amendments to standards are not yet effective for the year ended December 31, 2022, and have not been applied in preparing the unaudited condensed consolidated interim financial statements:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
Definition of Accounting Estimates (Amendments to IAS 8)

Further information can be found in note 3 of the March 31, 2022, unaudited condensed consolidated interim financial statements.

CONTROLS AND PROCEDURES

In compliance with the provisions of Canadian Securities Administrators' National Instrument 52-109 and the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company has filed certificates signed by the President and Chief Executive Officer ("CEO") and by the Chief Financial Officer ("CFO") that, among other things, report on:

- their responsibility for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the Company; and
- the design of disclosure controls and procedures and the design of internal controls over financial reporting.

Disclosure controls and procedures

The President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), have designed disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act), or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

- material information relating to the Company is made known to the CEO and CFO by others; and
- information required to be disclosed by the Company in its filings, under applicable securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

As at March 31, 2022, an evaluation was carried out under the supervision of the CEO and CFO, of the design of the Company's disclosure controls and procedures. Based on this evaluation, the CEO and CFO concluded that due to the material weaknesses in our internal control over financial reporting as described below in Management's Annual Report on Internal Controls over Financial Reporting as at December 31, 2021, the Company's disclosure controls and procedures were not effective as of March 31, 2022 as the controls have not yet been adequately remediated.

Management's Annual Report on Internal Controls over Financial Reporting

The CEO and CFO have also designed internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act), or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

As at December 31, 2021, an evaluation was carried out, under the supervision of the CEO and the CFO, of the effectiveness of the Company's internal control over financial reporting. Based on this evaluation, the CEO and the CFO concluded that material weaknesses exist, as described below, and due to these material weaknesses, the Company's internal control over financial reporting is not effective as of December 31, 2021. The control framework used to design the Company's internal controls over financial reporting is based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control – Integrated Framework (2013 framework). A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In connection with the Company's evaluation of internal controls over financial reporting, the following control deficiencies were considered to be material weaknesses:

- **IT General Controls:** The Company had an aggregation of control deficiencies within its information technology (IT) general controls across multiple systems supporting the Company's business processes, including deficiencies relating to user access controls, change management, and high-privileged access. The Company concluded that process-level automated controls and manual controls that are dependent on information from affected IT systems, where risks could not be mitigated, were ineffective because they could have been adversely impacted by the IT general control deficiencies; and
- **Order to Cash Process:** Due to the material weakness described above, automated controls and manual controls that are dependent on information from affected IT systems around the order to cash process, which encompasses billing and pricing sub processes were found to not be effective. In addition, there was inadequate review and documentation of manual process level controls.

Notwithstanding these material weaknesses, management has concluded that the Company's Audited consolidated financial statements as at and for the year ended December 31, 2021 present fairly, in all material respects, the Company's financial position, results of operations, changes in equity and cash flows in accordance with IFRS. These material weaknesses did not have an impact on the Company's financial reporting and as a result, there were no material adjustments to the Company's audited consolidated financial statements for the year ended December 31, 2021 and there were no changes to previously released financial results. However, because the material weaknesses create a reasonable possibility that a material misstatement to our financial statements would not be prevented or detected on a timely basis, we concluded that as of December 31, 2021 the internal control over financial reporting was not effective.

The effectiveness of internal controls over financial reporting as of December 31, 2021 has been audited by KPMG LLP, the Company's registered public accounting firm that audited the consolidated financial statements and is included with the Company's consolidated financial statements. KPMG LLP's adverse opinion, as stated in their report, is that the Company has not maintained effective internal control over financial reporting as of December 31, 2021.

Limitation on scope of design

As permitted under the relevant securities rules, the Company has limited the scope of its evaluation of disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of UPS Freight (now TForce Freight) as it was acquired not more than 365 days before the end of the financial period to which the CEO and CFO certificates relate. For the year ended December 31, 2021, TForce Freight constituted 39.1% of current assets, 27.8% of long term assets, 21.1% of current liabilities, 17.6% of long term liabilities, 31.8% of total revenue, and 18.5% of net income.

The Company is required to and will include TForce Freight in its disclosure controls and procedures and internal controls over financial reporting beginning in the second quarter of 2022.

Remediation plan

Management has initiated, and continues to implement remediation measures designed to ensure that control deficiencies contributing to the material weaknesses are remediated, such that these controls are designed, implemented, and operating effectively. The remediation actions include:

- Additional training for control performers and reviewers;
- Procuring additional resources to assist with the remediation, including hiring of subject experts and leveraging consultants where necessary;
- Implementing an IT management review and testing plan to monitor IT general controls with a specific focus on systems supporting our financial reporting processes; and
- Enhanced quarterly reporting on the remediation measures to the Audit Committee of our Board of Directors.

While remediation of key controls related to the IT general controls and the order to cash process are expected to be completed in fiscal year 2022, the Company cannot be certain when the remediation will be completed. The material weaknesses will not be considered fully remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in internal controls over financial reporting

Other than the remediation process described above, and the implementation of controls related to TForce Freight, there were no changes to the Company's internal controls over financial reporting during the quarter ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the first quarter ended
March 31, 2022

CONTENTS

(in thousands of U.S. dollars)	Note	As at March 31, 2022	As at December 31, 2021
Assets			
Cash and cash equivalents		**20,606**	19,292
Trade and other receivables		**1,174,465**	1,056,023
Inventoried supplies		**25,739**	24,402
Current taxes recoverable		**2,677**	6,080
Prepaid expenses		**63,158**	54,518
Assets held for sale		**30,218**	1,943
Current assets		**1,316,863**	1,162,258
Property and equipment	7	**2,310,929**	2,331,874
Right-of-use assets	8	**381,844**	398,533
Intangible assets	9	**1,833,853**	1,792,921
Other assets	10	**60,350**	37,842
Deferred tax assets		**29,914**	29,695
Non-current assets		**4,616,890**	4,590,865
Total assets		**5,933,753**	5,753,123
Liabilities			
Trade and other payables		**846,815**	861,362
Current taxes payable		**29,908**	16,250
Provisions	14	**43,423**	39,012
Other financial liabilities		**34,846**	10,566
Long-term debt	11	**40,809**	363,586
Lease liabilities	12	**113,979**	115,344
Current liabilities		**1,109,780**	1,406,120
Long-term debt	11	**1,660,994**	1,244,508
Lease liabilities	12	**299,614**	313,862
Employee benefits	13	**74,033**	68,037
Provisions	14	**92,544**	83,630
Other financial liabilities		**3,986**	8,033
Deferred tax liabilities		**414,278**	408,622
Non-current liabilities		**2,545,449**	2,126,692
Total liabilities		**3,655,229**	3,532,812
Equity			
Share capital	15	**1,130,831**	1,133,181
Contributed surplus	15, 17	**41,548**	39,150
Accumulated other comprehensive income		**(143,499)**	(144,665)
Retained earnings		**1,249,644**	1,192,645
Equity attributable to owners of the Company		**2,278,524**	2,220,311
Contingencies, letters of credit and other commitments	22		
Subsequent events	23		
Total liabilities and equity		**5,933,753**	5,753,123

The notes on pages 7 to 23 are an integral part of these condensed consolidated interim financial statements.

(In thousands of U.S. dollars, except per share amounts)	Note	**Three months ended March 31, 2022**	Three months ended March 31, 2021
Revenue		**1,893,848**	1,059,134
Fuel surcharge		**297,671**	89,673
Total revenue		**2,191,519**	1,148,807
Materials and services expenses	18	**1,140,408**	665,920
Personnel expenses	19	**624,835**	257,272
Other operating expenses		**116,205**	53,427
Depreciation of property and equipment	7	**64,447**	41,220
Depreciation of right-of-use assets	8	**31,524**	22,799
Amortization of intangible assets	9	**14,261**	14,371
Gain on sale of rolling stock and equipment		**(19,826)**	(3,605)
Gain on derecognition of right-of-use assets		**(57)**	(404)
Gain on sale of land and buildings		**(44)**	-
Gain on sale of assets held for sale		**-**	(3,938)
Total operating expenses		**1,971,753**	1,047,062
Operating income		**219,766**	101,745
Finance (income) costs			
Finance income	20	**(66)**	(607)
Finance costs	20	**20,255**	15,042
Net finance costs		**20,189**	14,435
Income before income tax		**199,577**	87,310
Income tax expense	21	**51,854**	20,423
Net income for the period attributable to owners of the Company		**147,723**	66,887
Earnings per share attributable to owners of the Company			
Basic earnings per share	16	**1.61**	0.72
Diluted earnings per share	16	**1.57**	0.70

The notes on pages 7 to 23 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(In thousands of U.S. dollars)	**Three months ended March 31, 2022**	Three months ended March 31, 2021
Net income for the period attributable to owners of the Company	**147,723**	66,887
Other comprehensive income (loss)		
Items that may be reclassified to income or loss in future periods:		
Foreign currency translation differences	**(290)**	(4,337)
Net investment hedge, net of tax	**7,610**	2,493
Items directly reclassified to retained earnings:		
Unrealized loss on investments in equity securities measured at fair value through OCI, net of tax	**(6,154)**	-
Other comprehensive income for the period, net of tax	**1,166**	(1,844)
Total comprehensive income for the period attributable to owners of the Company	**148,889**	65,043

The notes on pages 7 to 23 are an integral part of these condensed consolidated interim financial statements.

(In thousands of U.S. dollars)	Note	Share capital	Contributed surplus	Accumulated unrealized loss on employee benefit plans	Accumulated foreign currency translation differences & net invest-ment hedge	Accumulated unrealized gain (loss) on invest-ments in equity securities	Retained earnings (deficit)	Total equity attributable to owners of the Company
Balance as at December 31, 2021		**1,133,181**	**39,150**	**(292)**	**(156,926)**	**12,553**	**1,192,645**	**2,220,311**
Net income for the period		**-**	**-**	**-**	**-**	**-**	**147,723**	**147,723**
Other comprehensive income (loss) for the period, net of tax		**-**	**-**	**-**	**7,320**	**(6,154)**	**-**	**1,166**
Total comprehensive income (loss) for the period		**-**	**-**	**-**	**7,320**	**(6,154)**	**147,723**	**148,889**
Share-based payment transactions, net of tax	17	**-**	**3,907**	**-**	**-**	**-**	**-**	**3,907**
Stock options exercised, net of tax	15, 17	**5,699**	**(1,497)**	**-**	**-**	**-**	**-**	**4,202**
Dividends to owners of the Company	15	**-**	**-**	**-**	**-**	**-**	**(24,732)**	**(24,732)**
Repurchase of own shares	15	**(8,061)**	**-**	**-**	**-**	**-**	**(65,968)**	**(74,029)**
Net settlement of restricted share units, net of tax	15, 17	**12**	**(12)**	**-**	**-**	**-**	**(24)**	**(24)**
Total transactions with owners, recorded directly in equity		**(2,350)**	**2,398**	**-**	**-**	**-**	**(90,724)**	**(90,676)**
Balance as at March 31, 2022		**1,130,831**	**41,548**	**(292)**	**(149,606)**	**6,399**	**1,249,644**	**2,278,524**
Balance as at December 31, 2020*		1,120,049	19,783	(379)	(154,344)	-	803,503	1,788,612
Net income for the period		-	-	-	-	-	66,887	66,887
Other comprehensive income (loss) for the period, net of tax		-	-	-	(1,844)	-	-	(1,844)
Total comprehensive income (loss) for the period		-	-	-	(1,844)	-	66,887	65,043
Share-based payment transactions	17	-	2,511	-	-	-	-	2,511
Stock options exercised	15, 17	12,088	(1,681)	-	-	-	-	10,407
Dividends to owners of the Company	15	-	-	-	-	-	(21,443)	(21,443)
Repurchase of own shares	15	(6,897)	-	-	-	-	(39,190)	(46,087)
Net settlement of restricted share units	15, 17	3	(7)	-	-	-	(6)	(10)
Total transactions with owners, recorded directly in equity		5,194	823	-	-	-	(60,639)	(54,622)
Balance as at March 31, 2021*		1,125,243	20,606	(379)	(156,188)	-	809,751	1,799,033

* Recasted for change in accounting policy (see note 4).

The notes on pages 7 to 23 are an integral part of these condensed consolidated interim financial statements.

TFI International Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands of U.S. dollars)	Note	**Three months ended March 31, 2022**	Three months ended March 31, 2021*
Cash flows from operating activities			
Net income for the period		**147,723**	66,887
Adjustments for:			
Depreciation of property and equipment	7	**64,447**	41,220
Depreciation of right-of-use assets	8	**31,524**	22,799
Amortization of intangible assets	9	**14,261**	14,371
Share-based payment transactions	17	**4,027**	2,511
Net finance costs	20	**20,189**	14,435
Income tax expense	21	**51,854**	20,423
Gain on sale of property and equipment		**(19,870)**	(3,605)
Gain on derecognition of right-of-use assets		**(57)**	(404)
Gain on sale of assets held for sale		**-**	(3,938)
Employee benefits		**5,680**	153
Provisions net of payments		**9,654**	(7,064)
Net change in non-cash operating working capital	6	**(136,244)**	39,129
Interest paid		**(20,224)**	(11,850)
Income tax paid		**(35,273)**	(39,872)
Net cash from operating activities		**137,691**	155,195
Cash flows used in investing activities			
Purchases of property and equipment	7	**(90,426)**	(37,369)
Proceeds from sale of property and equipment		**43,915**	17,000
Proceeds from sale of assets held for sale		**-**	6,491
Purchases of intangible assets	9	**(1,440)**	(964)
Proceeds from sale of intangible assets		**250**	-
Business combinations, net of cash acquired	5	**(22,235)**	(19,019)
Purchases of investments		**(27,583)**	-
Others		**673**	(115)
Net cash used in investing activities		**(96,846)**	(33,976)
Cash flows (used in) from financing activities			
Decrease in bank indebtedness		**(238)**	(3,828)
Proceeds from long-term debt	11	**310,025**	505,320
Repayment of long-term debt	11	**(337,339)**	(10,781)
Net increase (decrease) in revolving facilities	11	**114,030**	(132,950)
Repayment of lease liabilities	12	**(30,627)**	(24,161)
Decrease in other financial liabilities		**(591)**	(185)
Dividends paid		**(24,940)**	(21,273)
Repurchase of own shares	15	**(74,029)**	(46,087)
Proceeds from exercise of stock options	15	**4,202**	10,407
Repurchase of own shares for restricted share unit settlement	15	**(24)**	(10)
Net cash (used in) from financing activities		**(39,531)**	276,452
Net change in cash and cash equivalents		**1,314**	397,671
Cash and cash equivalents, beginning of period		**19,292**	4,297
Cash and cash equivalents, end of period		**20,606**	401,968

* Recasted for changes in presentation for consistency with the current year presentation.

The notes on pages 7 to 23 are an integral part of these condensed consolidated interim financial statements.

1. Reporting entity

TFI International Inc. (the "Company") is incorporated under the *Canada Business Corporations Act*, and is a company domiciled in Canada. The address of the Company's registered office is 8801 Trans-Canada Highway, Suite 500, Montreal, Quebec, H4S 1Z6.

The condensed consolidated interim financial statements of the Company as at and for the three months ended March 31, 2022 and 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group is involved in the provision of transportation and logistics services across the United States, Canada and Mexico.

2. Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent annual consolidated financial statements of the Group.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on April 28, 2022.

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- investment in equity securities, derivative financial instruments and contingent considerations are measured at fair value;
- liabilities for cash-settled share-based payment arrangements are measured at fair value in accordance with IFRS 2;
- the defined benefit pension plan liability is recognized as the net total of the present value of the defined benefit obligation less the fair value of the plan assets; and
- assets and liabilities acquired in business combinations are measured at fair value at acquisition date.

These condensed consolidated interim financial statements are expressed in U.S. dollars, except where otherwise indicated.

c) Seasonality of interim operations

The activities conducted by the Group are subject to general demand for freight transportation. Historically, demand has been relatively stable with the first quarter being generally the weakest in terms of demand. Furthermore, during the harsh winter months, fuel consumption and maintenance costs tend to rise. Consequently, the results of operations for the interim period are not necessarily indicative of the results of operations for the full year.

d) Functional and presentation currency

The Company's consolidated interim financial statements are presented in U.S. dollars ("U.S. dollars" or "USD").

The Company's functional currency is the Canadian dollar ("CAD" or CDN$"). Translation gains and losses from the application of the U.S. dollar as the presentation currency while the Canadian dollar is the functional currency are included as part of the cumulative foreign currency translation adjustment.

All financial information presented in U.S. dollars has been rounded to the nearest thousand.

e) Use of estimates and judgments

The preparation of the accompanying financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities, the disclosures about contingent assets and liabilities, and the reported amounts of revenues and expenses. Such estimates include the valuation of goodwill and intangible assets, the measurement of identified assets and liabilities acquired in business combinations, income tax provisions, defined benefit obligation, the self-insurance and other provisions, and contingencies. These estimates and assumptions are based on management's best estimates and judgments.

Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from these estimates. Changes in those estimates and assumptions resulting from changes in the economic environment will be reflected in the financial statements of future periods.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied and described in the Group's 2021 annual consolidated financial statements.

3. Significant accounting policies

The accounting policies described in the Group's 2021 annual consolidated financial statements have been applied consistently to all periods presented in these condensed consolidated interim financial statements, unless otherwise indicated in note 3. The accounting policies have been applied consistently by Group entities.

New standards and interpretations adopted during the period

The following new standards, and amendments to standards and interpretations, are effective for the first time for interim periods beginning on or after January 1, 2022 and have been applied in preparing these condensed consolidated interim financial statements.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

On May 14, 2020, the IASB issued *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)*. The amendments are effective for annual periods beginning on or after January 1, 2022 and apply to contracts existing at the date when the amendments are first applied. Early adoption is permitted. IAS 37 does not specify which costs are included as a cost of fulfilling a contract when determining whether a contract is onerous. The IASB's amendments address this issue by clarifying that the "costs of fulfilling a contract" comprise both:

- the incremental costs – e.g. direct labour and materials; and
- an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property and equipment used in fulfilling the contract.

The adoption of the amendments did not have a material impact on the Group's condensed consolidated interim financial statements.

New standards and interpretations not yet adopted

The following new standards are not yet effective, and have not been applied in preparing these condensed consolidated interim financial statements:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On January 23, 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*, to clarify the classification of liabilities as current or non-current. The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. The extent of the impact of adoption of the amendments has not yet been determined.

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8).* The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The extent of the impact of adoption of the amendments has not yet been determined.

4. Segment reporting

The Group operates within the transportation and logistics industry in the United States, Canada and Mexico in different reportable segments, as described below. The reportable segments are managed independently as they require different technology and capital resources. For each of the operating segments, the Group's CEO reviews internal management reports. The following summary describes the operations in each of the Group's reportable segments:

Package and Courier:	Pickup, transport and delivery of items across North America.
Less-Than-Truckload [(b)]:	Pickup, consolidation, transport and delivery of smaller loads.
Truckload [(a)]:	Full loads carried directly from the customer to the destination using a closed van or specialized equipment to meet customers' specific needs. Includes expedited transportation, flatbed, tank, container and dedicated services.
Logistics:	Asset-light logistics services, including brokerage, freight forwarding and transportation management, as well as small package parcel delivery.

(a) The Truckload reporting segment represents the aggregation of the Canadian Conventional Truckload, U.S. Conventional Truckload, and Specialized Truckload operating segments. The aggregation of the segment was analyzed using management's judgment in accordance with IFRS 8. The operating segments were determined to be similar with respect to the nature of services offered and the methods used to distribute their services, additionally, they have similar economic characteristics with respect to long-term expected gross margin, levels of capital invested and market place trends.

(b) Beginning in the second quarter of fiscal 2021, due to the acquisition of UPS Freight, the Less-Than-Truckload reporting segment now represents the aggregation of the Canadian Less-Than-Truckload and U.S. Less-Than-Truckload operating segments. The aggregation of the segment was analyzed using management's judgment in accordance with IFRS 8. The operating segments were determined to be similar, amongst others, with respect to the nature of services offered and the methods used to distribute their services, additionally, they have similar economic characteristics with respect to long-term expected gross margin, levels of capital invested and market place trends.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating income or loss. This measure is included in the internal management reports that are reviewed by the Group's CEO and refers to "Operating income (loss)" in the consolidated statements of income. Segment's operating income or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

(Tabular amounts in thousands of U.S. dollars, unless otherwise noted.)

	Package and Courier	Less-Than-Truckload	Truckload	Logistics	Corporate	Eliminations	Total
Three months ended March 31, 2022							
External revenue	**124,169**	**824,392**	**510,505**	**434,782**	**-**	**-**	**1,893,848**
External fuel surcharge	**28,174**	**162,965**	**92,551**	**13,981**	**-**	**-**	**297,671**
Inter-segment revenue and fuel surcharge	**492**	**12,753**	**6,618**	**657**	**-**	**(20,520)**	**-**
Total revenue	**152,835**	**1,000,110**	**609,674**	**449,420**	**-**	**(20,520)**	**2,191,519**
Operating income (loss)	**26,085**	**94,770**	**71,028**	**34,882**	**(6,999)**	**-**	**219,766**
Selected items:							
Depreciation and amortization	**6,854**	**37,502**	**56,228**	**9,443**	**205**	**-**	**110,232**
Gain on sale of land and buildings	**-**	**-**	**44**	**-**	**-**	**-**	**44**
Intangible assets	**195,387**	**187,959**	**953,635**	**496,569**	**303**	**-**	**1,833,853**
Total assets	**382,027**	**2,328,133**	**2,321,932**	**803,972**	**97,689**	**-**	**5,933,753**
Total liabilities	**108,893**	**856,538**	**527,388**	**243,759**	**1,918,786**	**(135)**	**3,655,229**
Additions to property and equipment	**4,758**	**48,735**	**35,712**	**553**	**77**	**-**	**89,835**
Three months ended March 31, 2021*							
External revenue	131,277	129,699	420,745	377,413	-	-	1,059,134
External fuel surcharge	14,416	18,828	49,463	6,966	-	-	89,673
Inter-segment revenue and fuel surcharge	272	1,995	4,398	999	-	(7,664)	-
Total revenue	145,965	150,522	474,606	385,378	-	(7,664)	1,148,807
Operating income (loss)	18,324	22,136	50,006	29,060	(17,781)	-	101,745
Selected items:							
Depreciation and amortization	6,539	12,512	48,540	10,317	482	-	78,390
Gain on sale of assets held for sale	-	9	3,929	-	-	-	3,938
Intangible assets	195,326	189,601	912,339	455,572	307	-	1,753,145
Total assets	377,603	592,110	2,106,801	713,374	439,142	-	4,229,030
Total liabilities	111,531	211,235	470,151	212,249	1,424,965	(134)	2,429,997
Additions to property and equipment	2,832	4,361	27,910	92	20	-	35,215

* Recasted for change in accounting policy following the *2021 IFRS Interpretation Committee's agenda decision on Configuration or Customization Cost in a Cloud Computing Arrangement* (IAS 38 Intangible Assets). Implementation costs on cloud computing arrangements, previously capitalized, are expensed as incurred. The result was a decrease in intangible assets of $2.1 million, a decrease in deferred tax liabilities of $0.5 million, and a decrease in retained earnings of $1.6 million reflected in the closing balances of December 31, 2019.

Geographical information

Revenue is attributed to geographical locations based on the origin of service's location.

	Package and Courier	Less-Than-Truckload	Truckload	Logistics	Eliminations	Total
Three months ended March 31, 2022						
Canada	**152,835**	**163,560**	**264,965**	**63,051**	**(9,536)**	**634,875**
United States	**-**	**836,550**	**344,709**	**380,210**	**(10,984)**	**1,550,485**
Mexico	**-**	**-**	**-**	**6,159**	**-**	**6,159**
Total	**152,835**	**1,000,110**	**609,674**	**449,420**	**(20,520)**	**2,191,519**
Three months ended March 31, 2021						
Canada	145,965	133,134	202,348	67,230	(6,440)	542,237
United States	-	17,388	272,258	312,404	(1,224)	600,826
Mexico	-	-	-	5,744	-	5,744
Total	145,965	150,522	474,606	385,378	(7,664)	1,148,807

(Tabular amounts in thousands of U.S. dollars, unless otherwise noted.)

Segment assets are based on the geographical location of the assets.

	As at March 31, 2022	As at December 31, 2021
Property and equipment, right-of-use assets and intangible assets		
Canada	**1,933,192**	1,933,050
United States	**2,578,289**	2,575,363
Mexico	**15,145**	14,915
	4,526,626	4,523,328

5. Business combinations

a) Business combinations

In line with the Group's growth strategy, the Group acquired one business during 2022, which was not considered to be material. This transaction was concluded in order to add density in the Group's current network and further expand value-added services.

Had the Group acquired this non-material business on January 1, 2022, as per management's best estimates, the revenue and net income for this entity would have been $11.0 million and $1.7 million, respectively. In determining these estimated amounts, management assumed that the fair value adjustments that arose on the date of acquisition would have been the same had the acquisitions occurred on January 1, 2022 and adjusted for interest, based on the purchase price and average borrowing rate of the Group, and income tax expense based on the effective tax rate.

During the three months ended March 31, 2022, this non-material business contributed revenue and net income of $1.6 million and $0.1 million, respectively, since the acquisition.

During the three months ended March 31, 2022, transaction costs of nil (2021 – nil) have been expensed in other operating expenses in the consolidated statements of income in relation to the above-mentioned business acquisition.

As of the reporting date, the Group had not yet completed the purchase price allocation over the identifiable net assets and goodwill of the 2022 acquisition. Information to confirm the fair value of certain assets and liabilities still needs to be obtained. As the Group obtains more information, the allocation will be completed.

The table below presents the purchase price allocation based on the best information available to the Group to date.

Identifiable assets acquired and liabilities assumed	Note	**March 31, 2022***
Cash and cash equivalents		**1,736**
Trade and other receivables		**3,278**
Inventoried supplies and prepaid expenses		**413**
Property and equipment	7	**(133)**
Right-of-use assets	8	**3,875**
Intangible assets	9	**20,887**
Other assets		**123**
Trade and other payables		**1,309**
Income tax payable		**205**
Provisions		**(1,710)**
Long-term debt	11	**(229)**
Lease liabilities	12	**(3,875)**
Deferred tax liabilities		**(5,066)**
Total identifiable net assets		**20,813**
Total consideration transferred		**44,763**
Goodwill	9	**23,950**
Cash		**23,971**
Contingent consideration		**20,792**
Total consideration transferred		**44,763**

* Includes non-material adjustments to prior year's acquisitions

The trade receivables comprise gross amounts due of $3.3 million, of which nil was expected to be uncollectible at the acquisition date.

Of the goodwill and intangible assets acquired through business combinations in 2022, nil is deductible for tax purposes.

(Tabular amounts in thousands of U.S. dollars, unless otherwise noted.)

b) Goodwill

The goodwill is attributable mainly to the premium of an established business operation with a good reputation in the transportation industry, and the synergies expected to be achieved from integrating the acquired entity into the Group's existing business.

The goodwill arising in the business combinations has been allocated to operating segments as indicated in the table below, which represents the lowest level at which goodwill is monitored internally.

Operating segment	Reportable segment	**March 31, 2022***
Canadian Truckload	Truckload	**776**
U.S. Truckload	Truckload	**(1,413)**
Specialized Truckload	Truckload	**371**
Logistics	Logistics	**24,216**
		23,950

* Includes non-material adjustments to prior year's acquisitions for which purchase price allocations were completed.

c) Contingent consideration

The contingent consideration relates to the non-material business acquisition and is recorded in the original purchase price allocation. This consideration is contingent on achieving specified earning levels in a future period. The maximum amount payable is $21.0 million in less than one year and is currently presented in other financial liabilities on the consolidated statements of financial position.

d) Adjustment to the provisional amounts of prior year's business combinations

The 2021 annual consolidated financial statements included details of the Group's business combinations and set out provisional fair values relating to the consideration paid and net assets acquired of UPS Ground Freight Inc. and various other non-material acquisitions. These acquisitions were accounted for under the provisions of IFRS 3.

As required by IFRS 3, the provisional fair values have been reassessed in light of information obtained during the measurement period following the acquisition. Consequently, the fair value of certain assets acquired, and liabilities assumed of UPS Ground Freight Inc. and the other non-material acquisitions in fiscal 2021 have been adjusted in 2022. No material adjustments were required to the provisional fair values for these prior period's business combinations during the three months ended March 31, 2022 and have been included with the acquisitions of 2022. As of the reporting date, the Group had not yet completed the purchase price allocation over the identifiable net assets and goodwill of certain of the 2021 acquisitions, including UPS Ground Freight Inc.

6. Additional cash flow information

Net change in non-cash operating working capital

	Three months ended March 31, 2022	Three months ended March 31, 2021
Trade and other receivables	**(124,024)**	11,098
Inventoried supplies	**(1,297)**	(191)
Prepaid expenses	**(8,248)**	3,549
Trade and other payables	**(2,675)**	24,673
	(136,244)	39,129

(Tabular amounts in thousands of U.S. dollars, unless otherwise noted.)

7. Property and equipment

	Note	Land and buildings	Rolling stock	Equipment	Total
Cost					
Balance at December 31, 2021		1,110,001	1,772,463	200,765	**3,083,229**
Additions through business combinations*	5	-	(226)	93	**(133)**
Other additions		2,882	81,873	5,080	**89,835**
Disposals		(133)	(37,945)	(3,017)	**(41,095)**
Reclassification to assets held for sale		(28,352)	-	-	**(28,352)**
Effect of movements in exchange rates		3,025	6,373	1,300	**10,698**
Balance at March 31, 2022		**1,087,423**	**1,822,538**	**204,221**	**3,114,182**
Accumulated Depreciation					
Balance at December 31, 2021		72,012	577,893	101,450	**751,355**
Depreciation		4,541	53,646	6,260	**64,447**
Disposals		(110)	(14,191)	(2,749)	**(17,050)**
Reclassification to assets held for sale		(78)	-	-	**(78)**
Effect of movements in exchange rates		539	3,107	933	**4,579**
Balance at March 31, 2022		**76,904**	**620,455**	**105,894**	**803,253**
Net carrying amounts					
At December 31, 2021		1,037,989	1,194,570	99,315	2,331,874
At March 31, 2022		**1,010,519**	**1,202,083**	**98,327**	**2,310,929**

* Includes non-material adjustments to prior year's acquisitions

As at March 31, 2022, $0.2 million is included in trade and other payables for the purchases of property and equipment (December 31, 2021 – $1.0 million).

8. Right-of-use assets

	Note	Land and buildings	Rolling stock	Equipment	Total
Cost					
Balance at December 31, 2021		510,277	233,710	3,903	**747,890**
Other additions		4,688	11,261	212	**16,161**
Additions through business combinations*	5	3,859	16	-	**3,875**
Derecognition**		(5,149)	(12,764)	(363)	**(18,276)**
Effect of movements in exchange rates		3,464	1,415	12	**4,891**
Balance at March 31, 2022		**517,139**	**233,638**	**3,764**	**754,541**
Depreciation					
Balance at December 31, 2021		257,507	90,092	1,758	**349,357**
Depreciation		16,446	14,764	314	**31,524**
Derecognition**		(2,073)	(8,398)	(351)	**(10,822)**
Effect of movements in exchange rates		1,986	645	7	**2,638**
Balance at March 31, 2022		**273,866**	**97,103**	**1,728**	**372,697**
Net carrying amounts					
At December 31, 2021		252,770	143,618	2,145	398,533
At March 31, 2022		**243,273**	**136,535**	**2,036**	**381,844**

* Includes non-material adjustments to prior year's acquisitions
** Derecognized right-of-use assets include negotiated asset purchases and extinguishments resulting from accidents as well as fully amortized or end of term right-of-use assets.

(Tabular amounts in thousands of U.S. dollars, unless otherwise noted.)

9. Intangible assets

			Other intangible assets				
	Note	Goodwill	Customer relationships	Trademarks	Non-compete agreements	Information technology	**Total**
Cost							
Balance at December 31, 2021		1,572,291	588,514	88,811	17,948	31,996	**2,299,560**
Additions through business combinations*	5	23,950	18,728	1,274	881	4	**44,837**
Other additions		-	-	-	-	1,440	**1,440**
Disposals		-	-	(380)	-	-	**(380)**
Extinguishments		-	(57,919)	(18,863)	(210)	(290)	**(77,282)**
Effect of movements in exchange rates		8,015	2,560	286	103	145	**11,109**
Balance at March 31, 2022		**1,604,256**	**551,883**	**71,128**	**18,722**	**33,295**	2,279,284
Amortization and impairment losses							
Balance at December 31, 2021		147,480	287,578	45,675	7,666	18,240	**506,639**
Amortization		-	11,010	1,181	889	1,181	**14,261**
Disposals		-	-	(130)	-	-	**(130)**
Extinguishments		-	(57,919)	(18,863)	(210)	(290)	**(77,282)**
Effect of movements in exchange rates		436	1,181	157	50	119	**1,943**
Balance at March 31, 2022		**147,916**	**241,850**	**28,020**	**8,395**	**19,250**	445,431
Net carrying amounts							
At December 31, 2021		1,424,811	300,936	43,136	10,282	13,756	1,792,921
At March 31, 2022		**1,456,340**	**310,033**	**43,108**	**10,327**	**14,045**	**1,833,853**

* Includes non-material adjustments to prior year's acquisitions

10. Other assets

	As at March 31, 2022	As at December 31, 2021
Security deposits	**3,693**	3,780
Investments in equity securities	**52,573**	31,391
Other	**4,084**	2,671
	60,350	37,842

Investments in equity securities include $37.5 million (December 31, 2021 – $16.4 million) of Level 1 investments and $15.1 million (December 31, 2021 - $15.0 million) of Level 3 investments. The Group elected to designate these investments as fair value through OCI.

11. Long-term debt

	As at March 31, 2022	As at December 31, 2021
Non-current liabilities		
Unsecured revolving facilities	**356,012**	239,406
Unsecured debenture	**159,236**	157,743
Unsecured senior notes	**1,078,089**	778,613
Conditional sales contracts	**67,657**	68,746
	1,660,994	1,244,508
Current liabilities		
Current portion of unsecured revolving facilities	**-**	324,444
Current portion of conditional sales contracts	**40,809**	39,142
	40,809	363,586

(Tabular amounts in thousands of U.S. dollars, unless otherwise noted.)

The table below summarizes changes to the long-term debt:

	Note	**Three months ended March 31, 2022**	Three months ended March 31, 2021
Balance at beginning of period		**1,608,094**	872,544
Proceeds from long-term debt		**310,025**	505,320
Business combinations	5	**229**	1,541
Repayment of long-term debt		**(337,339)**	(10,781)
Net increase (decrease) in revolving facilities		**114,030**	(132,950)
Accretion of deferred financing fees		**388**	312
Effect of movements in exchange rates		**15,138**	9,727
Effect of movements in exchange rates – debt designated as net investment hedge		**(8,762)**	(2,874)
Balance at end of period		**1,701,803**	1,242,839

The Group's revolving facilities have a total size of $1,006.2 million at March 31, 2022 (December 31, 2021 – $997.1 million) and an additional $200.7 million of credit availability (CAD $245 million and USD $5 million). The additional credit is available under certain conditions under the Group's syndicated revolving credit agreement.

On March 23, 2022, the Company received $200 million in proceeds from the issuance of new debts taking the form of unsecured senior notes consisting of two tranches maturing on March 23, 2032, and 2037, bearing fixed interest rates of 3.50% and 3.80%, respectively. Deferred financing fees of $0.3 million were recognized on the increase.

On March 23, 2022, the Company received additional $100 million in proceeds from the amendment and restatement of the debt agreement signed on July 2, 2021, taking the form of unsecured senior notes as the third tranche maturing on April 2, 2034, bearing fixed interest rate of 3.55%. Deferred financing fees of $0.1 million were recognized on the increase.

The two debts described above are subject to certain covenants regarding the maintenance of financial ratios. These are the same covenants as previously required by the Company's syndicated revolving credit agreement as described in note 25(f) of the 2021 annual consolidated financial statements.

The proceeds of two debt issuances were used in full to pay off the unsecured term loan which was due in June 2022 without any penalty.

12. Lease liabilities

	As at March 31, 2022	As at December 31, 2021
Current portion of lease liabilities	**113,979**	115,344
Long-term portion of lease liabilities	**299,614**	313,862
	413,593	429,206

The table below summarizes changes to the lease liabilities:

	Note	**Three months ended March 31, 2022**	Three months ended March 31, 2021
Balance at beginning of period		**429,206**	355,986
Business combinations	5	**3,875**	2,705
Additions		**16,161**	18,838
Derecognition*		**(7,511)**	(1,215)
Repayment		**(30,627)**	(24,161)
Effect of movements in exchange rates		**2,489**	2,729
Balance at end of period		**413,593**	354,882

* Derecognized lease liabilities include negotiated asset purchases and extinguishments resulting from accidents.

(Tabular amounts in thousands of U.S. dollars, unless otherwise noted.)

Extension options

Some real estate leases contain extension options exercisable by the Group. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there are significant events or significant changes in circumstances within its control.

The lease liabilities include future lease payments of $12.7 million (December 31, 2021 – $12.7 million) related to extension options that the Group is reasonably certain to exercise.

The Group has estimated that the potential future lease payments, should it exercise the remaining extension options, would result in an increase in lease liabilities of $362.6 million (December 31, 2021 - $362.4 million).

The Group does not have a significant exposure to termination options and penalties.

Contractual cash flows

The total contractual cash flow maturities of the Group's lease liabilities are as follows:

	As at March 31, 2022
Less than 1 year	**124,958**
Between 1 and 5 years	**253,869**
More than 5 years	**73,213**
	452,040

13. Employee benefits

The Group has various benefit plans, mainly TForce Freight pension plans and TFI International pension plans, under which participants are entitled to benefits once participation requirements are satisfied. Additional information relating to the retirement benefit plans is provided in *Note 15 - Employee benefits* of the Group's 2021 annual consolidated financial statements.

For the three months ended March 31, 2022, current service cost and interest cost represent $31.3 million and $0.1 million, respectively, for the TForce Freight pension plans, for a net periodic benefit cost of $31.3 million (2021 – nil).

Pension contributions for the three months ended March 31, 2022 of $25.8 million primarily represent contributions to the TForce Freight pensions plans, for the current service cost, as determined under the Group's applicable actuarial valuation for funding purposes.

14. Provisions

	Self insurance	Other	**Total**
As at March 31, 2022			
Current provisions	32,254	11,169	**43,423**
Non-current provisions	52,373	40,171	**92,544**
	84,627	**51,340**	**135,967**
As at December 31, 2021			
Current provisions	26,771	12,241	39,012
Non-current provisions	42,696	40,934	83,630
	69,467	53,175	122,642

Self-insurance provisions represent the uninsured portion of outstanding claims at period-end. Other provisions include mainly litigation provisions of $35.0 million (December 31, 2021 - $35.8 million). Litigation provisions contain various pending claims for which management used judgement and assumptions about future events. The outcomes will depend on future claim developments.

(Tabular amounts in thousands of U.S. dollars, unless otherwise noted.)

15. Share capital and other components of equity

The Company is authorized to issue an unlimited number of common shares and preferred shares, issuable in series. Both common and preferred shares are without par value. All issued shares are fully paid.

The common shares entitle the holders thereof to one vote per share. The holders of the common shares are entitled to receive dividends as declared from time to time. Subject to the rights, privileges, restrictions and conditions attached to any other class of shares of the Company, the holders of the common shares are entitled to receive the remaining property of the Company upon its dissolution, liquidation or winding-up.

The preferred shares may be issued in one or more series, with such rights and conditions as may be determined by resolution of the Directors who shall determine the designation, rights, privileges, conditions and restrictions to be attached to the preferred shares of such series. There are no voting rights attached to the preferred shares except as prescribed by law. In the event of the liquidation, dissolution or winding-up of the Company, or any other distribution of assets of the Company among its shareholders, the holders of the preferred shares of each series are entitled to receive, with priority over the common shares and any other shares ranking junior to the preferred shares of the Company, an amount equal to the redemption price for such shares, plus an amount equal to any dividends declared thereon but unpaid and not more. The preferred shares for each series are also entitled to such other preferences over the common shares and any other shares ranking junior to the preferred shares as may be determined as to their respective series authorized to be issued. The preferred shares of each series shall be on a parity basis with the preferred shares of every other series with respect to payment of dividends and return of capital. There are no preferred shares currently issued and outstanding.

The following table summarizes the number of common shares issued:

(in number of shares)	Note	**Three months ended March 31, 2022**	Three months ended March 31, 2021
Balance, beginning of period		**92,152,893**	93,397,985
Repurchase and cancellation of own shares		**(735,600)**	(642,200)
Stock options exercised	17	**182,061**	479,715
Balance, end of period		**91,599,354**	93,235,500

The following table summarizes the share capital issued and fully paid:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Balance, beginning of period	**1,133,181**	1,120,049
Repurchase and cancellation of own shares	**(8,061)**	(6,897)
Cash consideration of stock options exercised	**4,202**	10,407
Ascribed value credited to share capital on stock options exercised	**1,497**	1,681
Issuance of shares on settlement of RSUs	**12**	3
Balance, end of period	**1,130,831**	1,125,243

Pursuant to the normal course issuer bid ("NCIB") which began on November 2, 2021 and ending on November 1, 2022, the Company is authorized to repurchase for cancellation up to a maximum of 7,000,000 of its common shares under certain conditions. As at March 31, 2022, and since the inception of this NCIB, the Company has repurchased and cancelled 1,735,600 shares.

During the three months ended March 31, 2022, the Company repurchased 735,600 common shares at a weighted average price of $100.64 per share for a total purchase price of $74.0 million relating to the NCIB. During the three months ended March 31, 2021, the Company repurchased 642,200 common shares at a weighted average price of $71.76 per share for a total purchase price of $46.1 million relating to a previous NCIB. The excess of the purchase price paid over the carrying value of the shares repurchased in the amount of $66.0 million (2021 – $39.2 million) was charged to retained earnings as share repurchase premium.

16. Earnings per share

Basic earnings per share

The basic earnings per share and the weighted average number of common shares outstanding have been calculated as follows:

(in thousands of dollars and number of shares)	**Three months ended March 31, 2022**	Three months ended March 31, 2021
Net income attributable to owners of the Company	**147,723**	66,887
Issued common shares, beginning of period	**92,152,893**	93,397,985
Effect of stock options exercised	**39,592**	189,117
Effect of repurchase of own shares	**(222,460)**	(204,709)
Weighted average number of common shares	**91,970,025**	93,382,393
Earnings per share – basic (in dollars)	**1.61**	0.72

Diluted earnings per share

The diluted earnings per share and the weighted average number of common shares outstanding after adjustment for the effects of all dilutive common shares have been calculated as follows:

(in thousands of dollars and number of shares)	**Three months ended March 31, 2022**	Three months ended March 31, 2021
Net income attributable to owners of the Company	**147,723**	66,887
Weighted average number of common shares	**91,970,025**	93,382,393
Dilutive effect:		
Stock options and restricted share units	**1,968,237**	2,121,110
Weighted average number of diluted common shares	**93,938,262**	95,503,503
Earnings per share - diluted (in dollars)	**1.57**	0.70

As at March 31, 2022, no stock options were excluded from the calculation of diluted earnings per share (March 31, 2021 – 78,122) as none were deemed to be anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of stock options was based on quoted market prices for the period during which the options were outstanding.

17. Share-based payment arrangements

Stock option plan (equity-settled)

The Company offers a stock option plan for the benefit of certain of its employees. The maximum number of shares that can be issued upon the exercise of options granted under the current 2012 stock option plan is 5,979,201. Each stock option entitles its holder to receive one common share upon exercise. The exercise price payable for each option is determined by the Board of Directors at the date of grant, and may not be less than the volume weighted average trading price of the Company's shares for the last five trading days immediately preceding the grant date. The options vest in equal installments over three years and the expense is recognized following the accelerated method as each installment is fair valued separately and recorded over the respective vesting periods. The table below summarizes the changes in the outstanding stock options:

(in thousands of options and in dollars)		**Three months ended March 31, 2022**		Three months ended March 31, 2021
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance, beginning of period	**2,061**	**25.70**	2,982	24.65
Exercised	**(182)**	**22.42**	(480)	22.19
Forfeited	**-**	**-**	(8)	23.70
Balance, end of period	**1,879**	**26.01**	2,494	25.13
Options exercisable, end of period	**1,523**	**24.50**	2,105	23.64

The following table summarizes information about stock options outstanding and exercisable at March 31, 2022:

(in thousands of options and in dollars)	Options outstanding		Options exercisable
Exercise prices	Number of options	Weighted average remaining contractual life (in years)	Number of options
19.12	122	0.3	122
18.83	418	1.3	418
26.82	193	1.9	193
23.70	373	2.9	373
30.71	678	3.9	388
40.41	95	5.3	29
	1,879	2.8	1,523

Of the options outstanding at March 31, 2022, a total of 1,538,216 (December 31, 2021 - 1,669,767) are held by key management personnel.

The weighted average share price at the date of exercise for stock options exercised in the three months ended March 31, 2022 was $106.16 (March 31, 2021 – $75.94).

For the three months ended March 31, 2022, the Group recognized a compensation expense of $0.1 million (March 31, 2021 - $0.4 million) with a corresponding increase to contributed surplus.

No stock options were granted during the three months ended March 31, 2022 under the Company's stock option plan.

Deferred share unit plan for board members (cash-settled)

The Company offered a deferred share unit ("DSU") plan for its board members. Under this plan, until December 31, 2020, board members could elect to receive cash, DSUs or a combination of both for their compensation. The following table provides the number of DSUs related to this plan:

(in units)	**Three months ended March 31, 2022**	Three months ended March 31, 2021
Balance, beginning of period	**306,554**	373,926
Dividends paid in units	**724**	1,573
Balance, end of period	**307,278**	375,499

In personnel expenses, the Group recognized a mark-to-market gain on DSUs of $2.1 million for the three months ended March 31, 2022 (March 31, 2021 – loss of $8.4 million).

Effective January 1, 2021, a new director compensation program was put in place. Quarterly cash amounts are paid to the board members on the 2nd Thursday following each quarter. In addition, an equity portion of compensation is awarded, comprised of restricted share units granted annually effective on the date of each Annual Meeting, with a vesting period of one year. For the three months ended

March 31, 2022, the Group recognized, as a result of the director compensation plan, a compensation expense of $0.3 million (March 31, 2021 – $0.3 million).

As at March 31, 2022, the total carrying amount of liabilities for cash-settled arrangements recorded in trade and other payables amounted to $32.7 million (December 31, 2021 - $34.4 million).

Performance contingent restricted share unit and performance share unit plans (equity-settled)

The Company offers an equity incentive plan for the benefit of senior employees of the Group. Each participant's annual LTIP allocation is split in two equally weighted awards of performance share units ("PSUs") and of restricted share units (''RSUs''). The PSUs are subject to both performance and time cliff vesting conditions on the third anniversary of the award whereas the RSUs are only subject to a time cliff vesting condition on the third anniversary of the award. The performance conditions attached to the PSUs are equally weighted between absolute earnings before interest and income tax and relative total shareholder return ("TSR"). For purposes of the relative TSR portion, there are two equally weighted comparisons: the first portion is compared against the TSR of a group of transportation industry peers and the second portion is compared against the S&P/TSX60 index.

Restricted share units

On February 7, 2022, the Company granted a total of 63,404 RSUs under the Company's equity incentive plan of which 39,750 were granted to key management personnel, at that date. The fair value of the RSUs is determined to be the share price fair value at the date of the grant and is recognized as a share-based compensation expense, through contributed surplus, over the vesting period. The fair value of the RSUs granted was $98.27 per unit.

On February 8, 2021, the Company granted a total of 78,122 RSUs under the Company's equity incentive plan of which 51,328 were granted to key management personnel, at that date. The fair value of the RSUs is determined to be the share price fair value at the date of the grant and is recognized as a share-based compensation expense, through contributed surplus, over the vesting period. The fair value of the RSUs granted was $70.59 per unit.

The table below summarizes changes to the outstanding RSUs:

(in thousands of RSUs and in dollars)		**Three months ended March 31, 2022**		Three months ended March 31, 2021
	Number of RSUs	**Weighted average grant date fair value**	Number of RSUs	Weighted average grant date fair value
Balance, beginning of period	**272**	**54.27**	299	31.54
Granted	**63**	**98.27**	78	70.59
Reinvested	**-**	**-**	1	31.54
Forfeited	**(1)**	**72.11**	(1)	32.41
Balance, end of period	**334**	**62.52**	377	39.62

The following table summarizes information about RSUs outstanding and exercisable as at March 31, 2022:

(in thousands of RSUs and in dollars)		RSUs outstanding
Grant date fair value	Number of RSUs	Remaining contractual life (in years)
77.32	12	0.1
103.66	34	0.1
32.41	147	0.9
70.59	78	1.9
98.27	63	2.9
	334	1.4

For the three months ended March 31, 2022, the Group recognized, as a result of RSUs, a compensation expense of $2.3 million (March 31, 2021 - $1.3 million) with a corresponding increase to contributed surplus.

Of the RSUs outstanding at March 31, 2022, a total of 215,368 (December 31, 2021 – 171,222) are held by key management personnel.

Performance share units

On February 7, 2022, the Company granted a total of 63,404 PSUs under the Company's equity incentive plan of which 39,750 were granted to key management personnel, at that date. The fair value of the PSUs is determined using a Monte Carlo simulation model for the TSR portion and using management's estimates for the absolute earnings before interest and income tax portion. The estimates related to the absolute earnings before interest and income tax portion are revised during the vesting period and the cumulative amount recognized at each reporting date is based on the number of equity instruments for which service and non-market conditions are expected to be satisfied. The share-based compensation expense is recognized, through contributed surplus, over the vesting period. The fair value of the PSUs granted was $100.43 per unit as at grant date and $100.43 per unit as at March 31, 2022.

On February 8, 2021, the Company granted a total of 78,122 PSUs under the Company's equity incentive plan of which 51,328 were granted to key management personnel, at that date. The fair value of the PSUs is determined using a Monte Carlo simulation model for the TSR portion and using management's estimates for the absolute earnings before interest and income tax portion. The estimates related to the absolute earnings before interest and income tax portion are revised during the vesting period and the cumulative amount recognized at each reporting date is based on the number of equity instruments for which service and non-market conditions are expected to be satisfied. The share-based compensation expense is recognized, through contributed surplus, over the vesting period. The fair value of the PSUs granted was $89.64 per unit as at grant date and $105.53 per unit as at March 31, 2022.

The table below summarizes changes to the outstanding PSUs:

(in thousands of PSUs and in dollars)		**Three months ended March 31, 2022**		Three months ended March 31, 2021
	Number of PSUs	**Weighted average grant date fair value**	Number of PSUs	Weighted average grant date fair value
Balance, beginning of period	**226**	**52.25**	147	32.41
Granted	**63**	**100.43**	78	89.64
Reinvested	**-**	**-**	1	32.41
Forfeited	**(1)**	**78.04**	(1)	32.41
Balance, end of period	**288**	**62.70**	225	52.25

The following table summarizes information about PSUs outstanding and exercisable as at March 31, 2022:

(in thousands of PSUs and in dollars)		PSUs outstanding
Grant date fair value	Number of PSUs	Remaining contractual life (in years)
32.41	147	0.9
89.64	78	1.9
100.43	63	2.9
	288	1.6

For the three months ended March 31, 2022, the Group recognized, as a result of PSUs, a compensation expense of $1.6 million (March 31, 2021 – $0.8 million) with a corresponding increase to contributed surplus.

Of the PSUs outstanding at March 31, 2022, a total of 181,067 (December 31, 2021 - 138,141) are held by key management personnel.

(Tabular amounts in thousands of U.S. dollars, unless otherwise noted.)

18. Materials and services expenses

The Group's materials and services expenses are primarily costs related to independent contractors and vehicle operation expenses. Vehicle operation expenses consists primarily of fuel costs, repairs and maintenance, insurance, permits and operating supplies.

	Three months ended March 31, 2022	Three months ended March 31, 2021
Independent contractors	**848,340**	520,953
Vehicle operation expenses	**292,068**	144,967
	1,140,408	665,920

19. Personnel expenses

In 2020, the Canada Emergency Wage Subsidy ("CEWS") was established to enable Canadian employers to re-hire workers previously laid off, help prevent further job losses, and to better position themselves to resume normal operations following the COVID-19 pandemic declaration and crisis.

During the three months ended March 31, 2021, certain legal entities within the Company had qualified for the CEWS resulting in a $6.5 million (2022 - nil) that was recorded and offset against personnel expenses, presented in short-term employee benefits, in the condensed consolidated interim statement of income.

20. Finance income and finance costs

Recognized in income or loss:

Costs (income)	**Three months ended March 31, 2022**	Three months ended March 31, 2021
Interest expense on long-term debt and amortization of deferred financing fees	**12,131**	9,872
Interest expense on lease liabilities	**3,361**	3,002
Interest income	**(23)**	(569)
Net change in fair value and accretion expense of contingent considerations	**(43)**	259
Net foreign exchange loss (gain)	**307**	(38)
Other financial expenses	**4,456**	1,909
Net finance costs	**20,189**	14,435
Presented as:		
Finance income	**(66)**	(607)
Finance costs	**20,255**	15,042

21. Income tax expense

Income tax recognized in income or loss:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Current tax expense		
Current period	**52,435**	26,384
Adjustment for prior periods	**(125)**	(3,245)
	52,310	23,139
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	**(3,246)**	(6,015)
Variation in tax rate	**339**	(51)
Adjustment for prior periods	**2,451**	3,350
	(456)	(2,716)
Income tax expense	**51,854**	20,423

(Tabular amounts in thousands of U.S. dollars, unless otherwise noted.)

Reconciliation of effective tax rate:

		Three months ended March 31, 2022		Three months ended March 31, 2021
Income before income tax		**199,577**		87,310
Income tax using the Company's statutory tax rate	**26.5%**	**52,888**	26.5%	23,137
Increase (decrease) resulting from:				
Rate differential between jurisdictions	**0.0%**	**54**	0.1%	87
Variation in tax rate	**0.2%**	**339**	-0.1%	(51)
Non deductible expenses	**0.4%**	**822**	1.2%	1,048
Tax deductions and tax exempt income	**-2.4%**	**(4,801)**	-4.8%	(4,191)
Adjustment for prior periods	**1.2%**	**2,326**	0.1%	105
Multi-jurisdiction tax	**0.1%**	**226**	0.3%	288
	26.0%	**51,854**	23.4%	20,423

22. Contingencies, letters of credit and other commitments

a) Contingencies

There are pending operational and personnel related claims against the Group. In the opinion of management, these claims are adequately provided for in long-term provisions on the consolidated statements of financial position and settlement should not have a significant impact on the Group's financial position or results of operations.

b) Letters of credit

As at March 31, 2022, the Group had $49.5 million of outstanding letters of credit (December 31, 2021 - $47.4 million).

c) Other commitments

As at March 31, 2022, the Group had $148.4 million of purchase commitments (December 31, 2021 – $75.1 million) and $5.6 million of purchase orders for leases that the Group intends to enter into and that are expected to materialize within a year (December 31, 2021 – $13.2 million).

23. Subsequent events

Subsequent to March 31, 2022, the Group purchased additional Level 1 investments for $41.3 million.

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