BRIGHTWATER LOGISTICS, INC.

Quarterly Operations Report - Q3 2026

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Date: October 14th 2026

Fictional Practice Document

Executive Summary

Brightwater Logistics experienced a strong third quarter, with total revenue reaching $4.82 million, an increase of 11.4% compared to the same period last year. Growth was driven primarily by our regional freight division and the successful launch of the Gulf Coast cold-storage service, which exceeded its first-quarter targets by nearly double.

Despite these gains, fuel costs and driver turnover remained a challenge. Operating margin declined from 14.2% to 4.7%, and management has identified several areas for improvement that are outlined in the sections below.

Key Highlights

- Revenue grew 11.4% year over year to $4.82 million.
- On-time delivery rate improved to 94.7% (up from 92.1%).
- Launched cold-storage service in Houston and Galveston
- Added 14 new vehicles to the fleet, bringing the total to 112.
- Customer satisfaction score holds steady at 4.3 out of 5

Company Background

Founded in 2009 in Houston, Texas, Brightwater Logistics provides freight, warehousing, and last-mile delivery services to over 340 business customers across the Southern United States. The company currently employs 186 people across four locations: Houston, Dallas, San Antonio and New Orleans.

Our mission is to deliver reliably, safely, and on time, every time. We believe that strong relationships with our drivers, warehouse staff, and clients are the foundation of lasting success.

Financial Performance

The table below summarizes revenue and expenses by division for the quarter. All figures are in thousands of US dollars unless otherwise noted.

Division	Revenue	Expenses	Margin	Q2 Revenue	Change
Regional Freight	$2,140	$1,820	14.9%	$1,980	8.1%
Cold Storage	$860	$790	8.1%	$410	109.8%
Warehousing	$1,245	$1,060	14.9%	$1,190	4.6%
Last-Mile Delivery	$575	$612	-6.4%	$640	-10.2%
Admin / Other	n/a	$310	n/a	n/a	n/a
TOTAL	**$4,820**	**$4,592**	**4.7%**	**$4,220**	**11.4%**

Table 1: Q3 financial results by division

Revenue Analysis

Regional Freight remained our largest division, contributing roughly 44% of total revenue. Growth in this segment was steady, supported by three new contracts with regional retailers signed in July and August. The Cold Storage division, in its first full quarter of operation, generated $860 thousand, more than doubling the projected figure.

Last-Mile Delivery was the only division to post a loss this quarter. The decline is attributed to higher fuel prices, increased overtime pay, and the loss of a major e-commerce client in June. Management is currently reviewing route optimization software to reduce mileage and improve driver scheduling.

Expense Overview

Total operating expenses for the quarter were $4.59 million. The largest categories were labor (52%), fuel (18%), vehicle maintenance (11%), and facilities (9%). Fuel costs rose 9% over Q2 which had a direct impact on margins across all transportation divisions. Labor costs also increased due to the hiring of 12 additional drivers and a 3% cost-of-living adjustment effective July 1st.

The finance team recommends that we negotiate fixed-rate fuel contracts for 2027 to protect against price volatility.

OPERATIONAL UPDATES

Fleet and Safety

The fleet expanded to 112 vehicles this quarter. Three older trucks were retired and seventeen new units were purchased, including four refrigerated trailers for the cold-storage service. The company recorded 2 minor accidents in Q3, down from 5 in Q2, and no lost-time injuries were reported at any warehouse location.

Hiring & Retention:

Driver turnover was 18% annualized, still above our goal of 12%. Exit interviews show that schedule unpredictability and home time are the top reasons drivers leave. HR has proposed a new bid-based scheduling system, to be piloted at the Dallas terminal in Q4. Meanwhile the company hired 31 new employees overall and welcomed its first apprentice class of six warehouse trainees.

Customer Feedback

Customer satisfaction scores averaged 4.3 out of 5 across 212 survey responses. Customers praised the communication from dispatchers and the accuracy of delivery windows. Common complaints included delayed invoicing and limited weekend availability in the San Antonio area. We will address these items in the coming quarter

Goals for Q4

1. Reduce last-mile delivery costs by 8% through route optimization
2. Pilot the new driver scheduling system in Dallas.
3. Negotiate fixed-rate fuel agreements with two suppliers
4. Finalize invoicing improvements with the finance team
5. Open a second cold storage facility in Corpus Christi by December

Contact

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