



Management's Discussion and Analysis

For the third quarter ended
September 30, 2020

Dated November 10, 2020

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2020

GENERAL INFORMATION

The following is Titanium Transportation Group Inc.'s management discussion and analysis dated November 10, 2020 ("MD&A"), which provides a comparative overview of the Company's performance for its three month and nine month periods ended September 30, 2020 with the corresponding three month and nine month periods ended September 30, 2019, and it reviews the Company's financial position as at September 30, 2020. Throughout this MD&A, any reference to "Company", "we", "us", "our" or "Titanium" shall mean Titanium Transportation Group Inc. and all of its direct and indirect wholly-owned subsidiaries. This discussion should be read in conjunction with the Company's MD&A, audited consolidated financial statements and accompanying notes as at and for the year ended December 31, 2019 as well as the unaudited condensed consolidated interim financial statements of the Company for the third quarter ended September 30, 2020 ("consolidated interim financial statements").

The consolidated interim financial statements of the Company and extracts from those consolidated interim financial statements contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated interim financial statements comply with IAS 34, Interim Financial Reporting, and do not include all of the information required for annual financial statements. The Company's presentation currency is the Canadian dollar. All financial information presented has been rounded to the nearest dollar, except per share amounts and where otherwise indicated. The Company's consolidated interim financial statements for the third quarter ended September 30, 2020 were approved by its Board of Directors on November 10, 2020. Readers are cautioned that certain information included herein is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumption prove incorrect, actual results may vary significantly from those expected. See "Forward Looking Statements" and "Risks and Uncertainties".

Unless otherwise indicated, the information in this report is dated as of November 10, 2020. Additional information relating to the Company is available on SEDAR at www.sedar.com.

OVERVIEW

The Company is an asset-based transportation and logistics company servicing Canada and the United States with terminals in Bolton, Bracebridge, Napanee, North Bay and Windsor, Ontario and with additional parking/switch yards in Sudbury, Brantford, Brockville and Trenton, Ontario and freight brokerage offices in Bolton, Charlotte, North Carolina and Nashville, Tennessee. The Company has over 1,000 customers across various industries, including large multinational corporations, with no one customer accounting for more than 7% of revenue. The Company has approximately 475 power units, 1,400 trailers, and 600 independent owner operators and full-time employees.

The Truck Transportation segment provides transport of general merchandise by long-haul, dedicated and local trucking services throughout Canada and the U.S. with a variety of trailer types, including dry vans and flatbeds that support both heated and multi-axle services. Through the use of a modern fleet, the Truck Transportation segment provides reliable and high quality service to various customers, attains a high asset utilization through its network of terminals and yards across Ontario, and creates a platform for revenue growth and cost efficiencies through the integration of acquisitions.

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The Logistics segment is a non-asset-based brokerage that provides ancillary transportation services, such as third-party logistics services and freight forwarding across all of North America. Through its network, the Logistics segment offers customers a variety of transportation services, including intermodal, international shipping, specialty services, and expedited services. The Logistics segment succeeds due to the extensive experience and expertise of the Company's dedicated personnel, up to date and innovative information technology and systems, as well as strong strategic relationships with third-party providers.

The Company's operational results are influenced by industry-wide economic factors and by capital allocation including operating and spending decisions. Industry-wide economic factors which impact operational results include freight demand, truck capacity, fuel prices, driver availability, overall economic conditions, exchange rates, government regulation and weather. The Company makes key decisions when allocating capital between its Truck Transportation and Logistics segments, hiring employees or contract for services of independent contractors and determining sustainable compensation structures, investing in new equipment and technology, and considering business acquisitions. Operating and spending decisions are made after the analysis of numerous important financial and operational metrics including EBITDA¹ and operating income¹, revenue generated per truck and per mile, empty miles, driver retention and fuel efficiency.

Q3 2020 Key Highlights

- ◆ Consolidated revenue for Q3 2020 was \$52.6 million, the highest single quarter revenue in company history, and a 23.2% increase over Q3 2019. The increase in revenue was primarily due to rapid growth in the U.S. Logistics segment.
- ◆ Operating income was \$3.6 million for Q3 2020, representing a 7.3% operating margin¹, compared to \$1.0 million and a 2.6% operating margin in Q3 2019. (Note: This includes \$1.2 million received from the Canadian Emergency Wage Subsidy ("CEWS") program and allocated to operating expenses.) Without CEWS, adjusted operating margin was still 4.5%, a 1.9% improvement from the same period in 2019.
- ◆ Titanium maintained its net-debt-to-equity ratio of 1.26 after financing new rolling stock in the amount of \$4.2 million. Net debt decreased by \$3.4 million, or 6.0%, from Q2 2020.
- ◆ Notwithstanding the economic impact of the COVID-19 pandemic, Truck Transportation segment revenue for Q3 2020 was \$27.5 million, representing a 0.6% increase year over year. Operating income improved to \$2.2 million, a 132.6% increase from Q3 2019 of \$0.9 million, representing an 8.3% operating margin. This compares to Q3 2019 operating margin of 3.7%. Included in operating expenses was \$0.6 million received from the CEWS program for the segment.
- ◆ Logistics segment revenue was \$26.0 million for Q3 2020, a 55.5% increase when compared to \$16.7 million in the same period in 2019. U.S. Logistics contributed \$13.6 million in revenue in Q3 2020 or 171% increase quarter over quarter. Operating income was \$2.0 million, representing an 8.1% operating margin for the quarter. This compares to Q3 2019 operating income of \$0.8 million and a 5.3% operating margin. Included in operating expenses was \$0.6 million received from the CEWS program for the segment.

Revenue by Industry

Manufactured Goods	36.0%
Logistics/ Trucking	24.7%
Retail	8.5%
Metals	8.5%
Services	5.2%
Forest Products	4.5%
Automotive	4.5%
Food	4.3%
Other	3.8%

Based on Q3 2020 revenue

¹ Refer to "Results of Operations" on page 3 and "Non-IFRS Financial Measures" on page 14 for more information about operating income and EBITDA and for a reconciliation of operating income and EBITDA to net income.

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RESULTS OF OPERATIONS

Financial Highlights (unaudited)

	3 months ended	3 months ended	9 months ended	9 months ended
	Sept 30 2020	Sept 30 2019	Sept 30 2020	Sept 30 2019
Revenue	49,771,734	39,781,249	126,550,263	115,075,226
Fuel surcharge	2,855,560	2,926,867	8,341,635	8,666,593
	52,627,294	42,708,116	134,891,898	123,741,819
Operating expenses	45,914,485	38,172,846	118,326,981	109,754,125
EBITDA ⁽¹⁾	6,712,809	4,535,270	16,564,917	13,987,694
EBITDA margin ⁽¹⁾	13.5 %	11.4 %	13.1 %	12.2 %
Depreciation	3,009,794	3,453,533	9,599,640	10,061,300
Amortization of customer lists	57,150	57,150	171,450	171,450
Operating income ⁽¹⁾	3,645,865	1,024,587	6,793,827	3,754,944
Operating margin ⁽¹⁾	7.3 %	2.6 %	5.4 %	3.3 %
Gain on sale of property and equipment	(605,844)	(165,142)	(712,725)	(537,656)
Finance costs	670,991	839,233	2,156,892	2,610,252
Finance income	(109,819)	(95,331)	(319,860)	(292,424)
Foreign exchange loss (gain)	146,601	(58,133)	(54,211)	(50,343)
Income tax expense	889,153	190,899	1,552,097	712,746
Net income and comprehensive income attributable to owners of the Company	2,654,783	313,061	4,171,634	1,312,369
Net income per share - basic	0.07	0.01	0.12	0.04
Net income per share - diluted	0.07	0.01	0.11	0.04

(1) Refer to "Non-IFRS Financial Measures".

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EXECUTIVE SUMMARY

Titanium has consistently prioritized a sustainable and profitable business model. While we did not build this model specifically for a pandemic, we believe our disciplined business fundamentals buttressed by our robust balance sheet, talented staff and innovative technologies, prepared the Company to navigate through challenging times and capitalize on opportunities as they present themselves. For the third quarter of 2020, Titanium delivered impressive consolidated revenues and strong profits. We continued to repay our debt, maintained our financial position and generated positive free cash flow. We are confident that the resilience we have shown thus far in the year highlights the financial strength of the Company, and readiness for opportunities as they may present themselves for the remainder of 2020 and beyond.

Looking ahead to Q4 2020, we cautiously expect economic conditions to continue to improve. Pricing has improved when compared to the beginning of the pandemic, but volumes are slower to recover as many end markets remain limited in their demand, and in some sectors production levels have not returned to normal due to COVID-19 protocols. The economic rebound was particularly strong south of the border as COVID related restrictions were lifted. The positive trend manifested itself in our U.S. operations, which saw revenue grow by more than 171% from its previous high in Q2 2020, due in part to the opening of our Nashville freight brokerage office in early July. Our Canadian operations also bounced back, albeit at a slower pace, as compared to their Q2 2020 lows. In particular, trucking segment volumes have recovered to pre-COVID levels despite a significant decrease in activities from some key end markets.

While the indicators are present for an economic recovery, there are still looming risks of a secondary shutdown associated with COVID-19. The U.S.-Canadian border remains closed for non-essential travel, and an increasing number of major North American cities are re-imposing social distancing restrictions. Positively, the holiday season should provide some consumer demand for many of the end markets Titanium serves.

At Titanium, we are prepared for any economic uncertainty that may be ahead of us as we navigate through these unprecedented times. We have demonstrated our resilience throughout 2020 and proven that our sustainable and defensive capital deployment strategy will succeed in any economic environment.

In terms of growth, we continue to explore opportunities and pursue accretive growth targets. With the continuing success of our asset-light U.S. freight brokerage operations, we plan to add additional offices throughout the U.S. as the economy stabilizes and moves towards recovery.

2020 has been a difficult year for the world. Nonetheless, Titanium has emerged a stronger, more resilient company. Our discipline in our capital deployment and growth strategies allows Titanium the freedom to pursue inorganic and organic growth opportunities as we look to capitalize on the North American economic recovery. Furthermore, our dedicated staff and best-in-class technology are ready to weather any uncertainties in the marketplace. As always, Titanium remains focused on delivering sustainable, profitable growth and creating long-term shareholder value.

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COVID-19 INFORMATION

It is Titanium's utmost priority to ensure the health and wellbeing of our people, our customers and the communities at large. Following the sudden onset of the COVID-19 pandemic, Titanium recognized the severity of the health and financial impact of this highly contagious virus. We have and will continue to monitor closely all pandemic related information to ensure we continue to take all necessary precautionary actions to uphold our uninterrupted services to our customers. Following our swift implementation of safety measures in Q1 2020, the following measures will remain in place until further notice:

- ◆ Provide our people with proper Personal Protective Equipment ("PPE") suitable for their duties;
- ◆ Educating our workplace to adhere to new government pandemic protocols for the safety of our people and customers;
- ◆ Provide Work-From-Home capabilities to workforce as needed;
- ◆ Provide our workforce with up-to-date information regarding the preventative measures being taken by the Company and financial assistance available from the government relating to the pandemic.

We are pleased with the professionalism and tremendous efforts demonstrated by our people during these difficult times. Titanium can only operate without interruption due to the efforts by our valued team members.

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Selected Segmented Financial Information (unaudited)

	3 months ended	3 months ended	9 months ended	9 months ended
	Sept 30 2020	Sept 30 2019	Sept 30 2020	Sept 30 2019
Truck Transportation				
Revenue	25,973,545	25,341,468	74,528,737	77,973,971
Fuel surcharge	1,491,414	1,962,486	4,900,570	5,948,600
	27,464,959	27,303,954	79,429,307	83,922,571
Operating expenses				
Carriers and independent contractors	9,055,119	9,253,999	26,371,535	27,776,871
Vehicle operating	6,410,093	6,479,651	18,621,153	20,465,764
Wages and casual labour	6,318,477	6,646,816	17,718,038	20,234,785
Other operating	538,532	707,388	2,018,612	2,316,063
	22,322,221	23,087,854	64,729,338	70,793,483
EBITDA ⁽¹⁾	5,142,738	4,216,100	14,699,969	13,129,088
EBITDA margin ⁽¹⁾	19.8 %	16.6 %	19.7 %	16.8 %
Depreciation	2,933,051	3,233,675	9,185,290	9,503,749
Amortization of customer lists	57,150	57,150	171,450	171,450
Operating income ⁽¹⁾	2,152,537	925,275	5,343,229	3,453,889
Operating margin ⁽¹⁾	8.3 %	3.7 %	7.2 %	4.4 %
Gain on sale of property and equipment	(605,844)	(165,142)	(712,725)	(537,656)
Finance costs	626,645	803,362	2,038,919	2,513,168
Finance income	(109,819)	(95,331)	(319,860)	(292,424)
Income tax expense	574,102	134,044	1,199,077	567,259
Net income	1,667,453	248,342	3,137,818	1,203,542

(1) Refer to "Non-IFRS Financial Measures".

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Selected Segmented Financial Information (unaudited), continued

	3 months ended Sept 30 2020	3 months ended Sept 30 2019	9 months ended Sept 30 2020	9 months ended Sept 30 2019
Logistics				
Revenue	24,627,281	15,747,942	55,176,700	40,936,519
Fuel surcharge	1,364,145	964,381	3,441,065	2,717,993
	25,991,426	16,712,323	58,617,765	43,654,512
Operating expenses				
Carriers and independent contractors	22,024,345	13,767,254	50,108,252	35,841,127
Wages and casual labour	1,365,498	1,520,683	3,945,755	4,253,310
Other operating	613,470	590,902	1,410,202	1,480,047
	24,003,313	15,878,839	55,464,209	41,574,484
EBITDA/ Operating income ⁽¹⁾	1,988,113	833,484	3,153,556	2,080,028
EBITDA/ Operating margin ⁽¹⁾	8.1 %	5.3 %	5.7 %	5.1 %
Depreciation	76,743	219,858	414,350	557,551
Finance costs	44,346	35,871	117,973	97,084
Income tax expense	459,829	154,657	644,275	407,643
Net income	1,407,195	423,098	1,976,958	1,017,750

(1) Refer to "Non-IFRS Financial Measures".

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Revenue (unaudited)

	3 months ended Sept 30 2020	3 months ended Sept 30 2019	9 months ended Sept 30 2020	9 months ended Sept 30 2019
Truck Transportation				
Revenue	25,973,545	25,341,468	74,528,737	77,973,971
Fuel surcharge	1,491,414	1,962,486	4,900,570	5,948,600
	<u>27,464,959</u>	<u>27,303,954</u>	<u>79,429,307</u>	<u>83,922,571</u>
Logistics				
Revenue	24,627,281	15,747,942	55,176,700	40,936,519
Fuel surcharge	1,364,145	964,381	3,441,065	2,717,993
	<u>25,991,426</u>	<u>16,712,323</u>	<u>58,617,765</u>	<u>43,654,512</u>

For the three month and nine month periods ended September 30, 2020, the Company's consolidated revenues increased by \$9.9 million and \$11.2 million, or 23.2% and 9.0%, respectively, when compared to same periods ended September 30, 2019. The increase in revenue reflects higher demand due to economic recovery as COVID-19 restrictions lifted and strong volume growth in our U.S. Logistics segment, which added one new office in Nashville in early July.

The Truck Transportation segment experienced an increase in revenue of \$0.2 million or 0.6% for the three month period and a decrease of \$4.5 million, or 5.4% for the nine month period ended September 30, 2020 when compared to the same periods in 2019. The increase in the quarter reflects demand increases from lessening of government restrictions. Total miles increased by 5.17% when compared to the three month period ended September 30, 2019. However, this was partially offset by continued pricing softness, reflecting the impact of the pandemic on aggregate demand. Year over year revenue per mile decreased by 3.90%.

Logistics segment revenue increase \$9.3 million or 55.5%, for the three month period ended September 30, 2020 and an increase of \$15.0, million, or 34.3%, for the nine month period ended September 30, 2020, when compared to that of 2019. The significant increase in the segment was largely attributed to the U.S. Logistics segment, where revenue increased from \$2.3 million in the three month period ended September 30, 2019 to \$13.6 million in the same period this year. This increase was offset by a decrease of 14.3% in revenue year over year for the Canadian segment, due to unfavorable market conditions in the quarter. Overall, the opening of our second U.S. freight brokerage office allowed Titanium to further benefit from the economic recovery in the quarter.

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Operating Expenses and Income (unaudited)

	3 months ended	3 months ended	9 months ended	9 months ended
	Sept 30 2020	Sept 30 2019	Sept 30 2020	Sept 30 2019
Truck Transportation				
Revenue	27,464,959	27,303,954	79,429,307	83,922,571
Operating expenses	22,322,221	23,087,854	64,729,338	70,793,483
EBITDA ⁽¹⁾	5,142,738	4,216,100	14,699,969	13,129,088
EBITDA margin ⁽¹⁾	19.8 %	16.6 %	19.7 %	16.8 %
Depreciation and amortization	2,990,201	3,290,825	9,356,740	9,675,199
Operating income ⁽¹⁾	2,152,537	925,275	5,343,229	3,453,889
Operating margin ⁽¹⁾	8.3 %	3.7 %	7.2 %	4.4 %
Logistics				
Revenue	25,991,426	16,712,323	58,617,765	43,654,512
Operating expenses	24,003,313	15,878,839	55,464,209	41,574,484
EBITDA/ Operating income ⁽¹⁾	1,988,113	833,484	3,153,556	2,080,028
EBITDA/ Operating margin ⁽¹⁾	8.1 %	5.3 %	5.7 %	5.1 %
Corporate				
Operating expenses	418,043	514,314	1,288,608	1,221,423

(1) Refer to "Non-IFRS Financial Measures".

For the Truck Transportation segment, operating expenses decreased by \$0.8 million, or 3.3%, for the three month period ended September 30, 2020 and decreased by \$6.1 million, or 8.6%, for the nine month period ended September 30, 2020, when compared to the same periods in 2019. The decrease in operating expenses in part reflected assistance received from the CEWS program. Included in the decrease in wages and casual labour expense was government assistance of \$0.62 million from the CEWS program. Cost management measures were also effective in mitigating operating costs despite a 5.17% increase in volume year over year. Adjusted for government assistance received in the quarter, adjusted operating income for the segment was \$1.5 million, or 5.9% adjusted operating margin for the three month period ended September 30, 2020, a \$0.6 million or 65.6% increase from the same period in 2019. For the nine month period ended September 30, 2020, the segment operating margin increased to 7.2% from 4.4% and adjusted operating margin decreased slightly to 4.0% as a result of market conditions in the second quarter of the year.

For the Logistics segment, operating expenses increased by \$8.1 million or 51.2% for the three month period ended September 30, 2020 and increased by \$13.9 million or 33.4% for the nine month period ended September 30, 2020, when compared to the same periods in 2019. The increase in expenses for the quarter was mainly attributable to significant volume growth in the U.S. Logistics segment as the result of improvements in economic conditions and the opening of one additional office in the quarter. The increase was offset by a year over year decrease in Canadian Logistics volume. In addition, the Company also received government assistance of \$0.57 million, which was allocated to wages and casual labour expense. The segment adjusted operating margin increased slightly from 5.3% to 5.8% in the three month period ended September 30, 2020. For the nine month period ended September 30, 2020, the segment operating margin increase from 5.1% to 5.7%, and adjusted operating margin decrease to 3.8%.

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SUMMARY OF QUARTERLY RESULTS

The following table sets out quarterly financial information for the Company's eight most recently completed quarters:

(in thousands)

	<u>Q3'20</u>	<u>Q2'20</u>	<u>Q1'20</u>	<u>Q4'19</u>	<u>Q3'19</u>	<u>Q2'19</u>	<u>Q1'19</u>	<u>Q4'18</u>
Revenue	52,627	37,952	44,312	43,287	42,708	42,041	38,992	42,687
EBITDA ⁽¹⁾	6,713	5,305	4,547	4,467	4,535	4,868	4,585	5,844
EBITDA margin ⁽¹⁾	13.5 %	14.7 %	11.1 %	11.2 %	11.4 %	12.4 %	12.7 %	14.8 %
Operating income ⁽¹⁾	3,646	1,819	1,329	1,175	1,025	1,442	1,288	2,455
Operating margin ⁽¹⁾	7.3 %	5.1 %	3.3 %	2.9 %	2.6 %	3.7 %	3.6 %	6.2 %
Adjusted net income (loss) ⁽¹⁾	2,655	874	643	273	313	455	544	1,299
Per share - basic	0.07	0.02	0.02	0.01	0.01	0.01	0.01	0.04
Per share - diluted	0.07	0.02	0.02	0.01	0.01	0.01	0.01	0.04
Net income (loss) and comprehensive income (loss) attributable to the owners of the Company	2,655	874	643	273	313	455	544	1,299
Per share - basic	0.07	0.02	0.02	0.01	0.01	0.01	0.01	0.04
Per share - diluted	0.07	0.02	0.02	0.01	0.01	0.01	0.01	0.04

(1) Refer to "Non-IFRS Financial Measures".

Changes from quarter to quarter are mainly the result of seasonality of operations, changes in industry conditions and acquisitions. In 2019, continuing geopolitical matters, such as global trade tension, slowed the momentum of economic growth. The industry also experienced downward pressure in pricing due to overcapacity. Historically, the Logistics segment is more immediately reflective of changing market conditions and changes in spot rates.

In January 2020, COVID-19 became widely known as the spread of the virus began to affect countries outside China. As the virus continued to spread, the outbreak was declared a global pandemic on March 11, 2020 by the World Health Organization. In response, many countries, including U.S. and Canada, imposed government mandated shutdowns of non-essential businesses and travelling restrictions. Overall macroeconomic conditions deteriorated sharply as a result of these regulations and caused significant pressure in pricing and demand. The Canadian government also implemented various relief programs, such as the Canadian Emergency Wage Subsidy program, to alleviate the economic effects of the virus.

Market conditions began to improve at the end of Q2 2020 as government restrictions began to relax. Freight demand improved for the third quarter of 2020 as many end markets served by Titanium resumed activities.

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LIQUIDITY AND CAPITAL RESOURCES

	September 30	December 31
	2020	2019
Working capital (deficit) ⁽¹⁾	4,799,100	(4,949,497)
Total assets	137,796,378	135,389,544
Net debt ⁽²⁾	57,065,363	66,323,872
Shareholders' equity	45,407,298	40,603,475
Net debt to equity ratio ⁽³⁾	1.26	1.63

(1) Working capital (deficit) is defined as current assets less current liabilities.

(2) Net debt is defined as bank indebtedness, loans payable and finance lease liabilities, net of cash, finance lease receivables and assets held for sale, both current and long-term portions.

(3) Net debt to equity ratio is defined as net debt divided by shareholders' equity.

The Company's working capital position improved as at September 30, 2020 when compared to December 31, 2019. We continued our successful capital management strategy and further enhanced the Company's net debt to equity position on top of significant improvements in 2019, mainly due to increases in cash flow generated from profitable operations. As a result of this strategy, we maintained positive working capital in the quarter despite financing long-term assets with bank indebtedness. Net debt to equity ratio quarter over quarter remained the same level even with an addition of \$4.2 million in financing from rolling stock purchases in the quarter.

In addition to the \$4.2 million purchase of new rolling stock to replace excess aged equipment, we have committed \$12.8 million towards the purchase of 70 new power units over the next two quarters. Of this amount, \$2.8 million will be allocated towards 15 new power units to expand our current fleet. Our rolling stock replacement policy is to replace trucks after 6 years, vans after 10 years and flatbeds after 15 years. We believe there is sufficient financing available to fund planned capital expenditures in the future and to provide for the further organic and inorganic growth of the business.

The following table sets out the Company's contractual obligations, excluding future interest payments:

(in thousands)

	Total	1 Year	2 Years	3 Years	4 Years	5 Years	After 5 Years
Loans	19,733	5,595	4,800	3,817	1,967	1,374	2,180
Restated finance leases ⁽¹⁾⁽²⁾	42,024	5,496	1,853	1,057	986	1,032	31,600
	61,757	11,091	6,653	4,874	2,953	2,406	33,780

(1) Refer to "Changes in accounting policies".

(2) Includes rental lease for Bolton head office in the amount of \$33,681,672

Titanium actively seeks debt refinancing when possible, especially with respect to debt acquired through business acquisitions, to the extent that penalties for early retirement of debt are not significant and lower cost financing is available. We believe the Company's operating cash flows are sufficient to fund daily operating activities and meet regular debt repayment obligations.

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The portion of the Company's bank credit facilities which were unused as of September 30, 2020 include approximately \$21.1 million under the revolving demand operating facility, \$5.0 million under a non-revolving acquisition facility, \$7.5 million under an accordion acquisition facility and \$5.5 million under a finance lease loan facility. In addition, the Company has \$17.1 million available in finance leasing and loan facilities through other institutions.

The Company's credit facility and finance leasing agreements require Titanium to maintain three covenants on a quarterly basis. These covenants are measured on a consolidated rolling twelve-month basis. We were in compliance with all covenants as of September 30, 2020 and we believe the Company will be in compliance with all required covenants for the next twelve months. The first covenant requires the Company's debt to tangible net worth ratio to be less than 3.5. Debt to tangible net worth is a ratio of total liabilities plus future minimum lease payments on non-realty operating leases to shareholder's equity less goodwill, customer lists and deferred tax assets. The second covenant requires the Company's debt service coverage ratio to be greater than 1.05. Debt service coverage is a ratio of net income before interest income and expenses, gains on sale of equipment, depreciation, amortization and non-cash items, less unfinanced capital expenditures, plus proceeds of sale of equipment, to contractually required principal and interest payments made over the prior twelve months. The third covenant requires the Company's fixed charge coverage ratio to be greater than 1.00. Fixed charge coverage is a ratio of net income before interest income and expenses, gains on sale of equipment, to contractually required principal and interest payments made over the prior twelve months.

The Company must calculate its covenants by adjusting its net income and debt to treat realty leases as an operating lease rather than a finance lease.

Common Shares

The Company offers a share purchase plan (the "Plan"), which allows all employees and independent contractors, but excluding insiders of the Company, to contribute up to 5% of their compensation to a maximum of \$4,800 per year towards the purchase of Titanium common shares. Contributions are matched at a rate of 100% by the Company and shares are issued from treasury in order to fund the Plan. In the case of employees, matched shares are subject to a three year vesting period. In the case of independent contractors, matched shares are issued after three years of service. The maximum number of shares approved for issuance under the Plan is reviewed by the board of directors annually. Of the shares issued to date, 801,972 have not yet vested.

On May 19, 2020, the Company renewed its normal course issuer bid, allowing the Company to purchase up to 1,821,831 of its common shares (the "NCIB"), representing 5% of its issued and outstanding common shares. The NCIB will terminate on May 18, 2021, or on an earlier date in the event that the maximum number of common shares sought in the NCIB have been repurchased. Purchases pursuant to the NCIB are expected to be made through the facilities of the TSX Venture Exchange (the "TSXV"), or such other permitted means, including through alternative trading systems in Canada, at prevailing market prices or as otherwise permitted by the policies of the TSXV.

During the six month period, the Company repurchased 53,200 common shares at a weighted average purchase price of \$1.17 and a total purchase price of \$62,388. The excess of the purchase price paid over the carrying value of the shares repurchased, totaled \$28,960 and was charged to retained earnings as a share repurchase premium.

As of November 10, 2020, there are 36,613,432 common shares of the Company outstanding. In addition, there are 1,938,800 stock options outstanding, of which 984,497 are exercisable.

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TRANSACTIONS WITH RELATED PARTIES

The Company provides truck transportation services to companies under common control. These companies include Vision Extrusions Group Limited, Vision Profile Extrusions Ltd. and Sunview Patio Doors Ltd. Aggregate revenues from these companies totaled \$2,541,831 and \$6,498,974, respectively, for the three month and nine month periods ended September 30, 2020 (2019 - \$1,973,936 and \$5,643,138).

The Company also currently rents its head office terminal from Caledon First Investments Limited, a company under common control. Total rent paid to such company for the three month and nine month periods ended September 30, 2020 was \$448,029 and \$1,344,105, respectively (2019 - \$441,132 and \$1,323,396). The Company has committed to annual base rent of \$1,792,110, which will increase to \$2,413,123 over a 12 year period.

Trunkeast Investments Canada Limited, the Company's controlling shareholder as of September 30, 2020, provides administrative and support services to the Company on a monthly basis. For these services, the Company was charged \$7,500 and \$22,500 (2019 - \$7,500 and \$22,500) for the three month and nine month periods ended September 30, 2020, respectively.

These transactions were carried out in the normal course of business and were measured at the exchange amount, which management has concluded approximates an arm's-length arrangement.

FORWARD LOOKING STATEMENTS

This MD&A contains forward looking statements that reflect the Company's current expectations and projections about its future results. When used in this MD&A, forward looking statements can be identified by the use of words such as "may", or by such words as "will", "intend", "believe", "estimate", "consider", "expect", "anticipate", "objective" and similar expressions or variations of such words. Forward looking statements are, by their nature, not guarantees of the Company's future operational or financial performance and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward looking statements. No representation or warranty is intended with respect to anticipated future results or that estimates or projections will be sustained.

Readers are cautioned not to place undue reliance on these forward looking statements, which are necessarily based on a number of estimates and assumptions that, while considered reasonable by management as of the date of this MD&A, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The following factors could cause the Company's actual financial performance to differ materially from that expressed in any forward looking statement: highly competitive market conditions, the Company's ability to recruit, train and retain qualified drivers, the Company's ability to identify, successfully complete and integrate suitable acquisitions, fuel price variation and the Company's ability to recover these costs from its customers, foreign currency fluctuations, the impact of environmental standards and regulations, changes in Canadian and US government regulations applicable to the Company's operations, changes in key personnel, adverse weather conditions, accidents and litigation, the market for used equipment, changes in interest rates, changes in the cost of liability insurance coverage, downturns in general economic conditions affecting the Company and its customers and availability of financing on reasonable commercial terms. The Company expressly disclaims any obligation to update forward looking statements if circumstances or management's views or estimates change, except as otherwise required pursuant to applicable law.

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From time to time, we will disclose our current annual run rate revenue and EBITDA. Although not intended as such, this may be interpreted as forward looking information. Run rates are presented in order to provide investors with insight into the current size of the Company and do not take into account expected future growth or changes in economic conditions. Historical figures may not be a good indicator of the Company's size, due to acquisitions and the time that it takes to fully realize synergies.

NON-IFRS FINANCIAL MEASURES

This MD&A includes the following financial measures that do not have any standardized meaning under IFRS and may not be comparable to similar measures employed by other companies:

"Earnings before interest, income taxes, depreciation and amortization" ("EBITDA") is calculated as net income before depreciation, amortization, asset impairments, gains or losses on the sale of equipment, finance income and costs, gains or losses on foreign exchange, income tax expense, transaction costs, accelerated customer list amortization and goodwill impairment.

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

"Operating income" is calculated as net income before asset impairments, gains or losses on the sale of equipment, finance income and costs, gains or losses on foreign exchange, income tax expense, transaction costs, accelerated customer list amortization and goodwill impairment.

"Operating margin" is calculated as operating earnings as a percentage of revenue before fuel surcharge.

"Adjusted net income" is calculated as net income before items that are not in the normal course of business, such as accelerated customer list amortization and goodwill impairment.

Management of the Company believes that these financial measures are useful for investors and other readers, when used in conjunction with other IFRS financial measures, as they are measures used internally by management to evaluate performance. However, these financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of financial performance prepared in accordance with IFRS.

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RISKS AND UNCERTAINTIES

The Company's business is subject to a number of risk factors which are described in our most recently filed annual information form. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations and cause the price of the common shares to decline. If any of the noted risks actually occur, our business may be harmed and the financial condition and results of operations may suffer significantly. In that event, the trading price of the common shares could decline, and shareholders may lose all or part of their investment.

As the duration and impact of the COVID-19 pandemic to the global economy is indeterminable, it is not possible to reliably estimate the length and severity of COVID-19 related impacts on the financial results and operations of the Company. The Company will continue to closely monitor the situation as it develops day-to-day and will take further actions, if necessary, to ensure the wellbeing of our workforce, customers, suppliers and other stakeholders, as well as minimize the disruption to Titanium's services.

The Company has taken measures to mitigate the potential negative impact on its financial results as a result of the outbreak. These measures are described under the section COVID-19 information in this MD&A. As the current market remain uncertain, the Company's exposure to interest rate risk and foreign exchange risk are heightened due to the volatility of the market. We continue to monitor the economic conditions on a daily basis to mitigate these risks.

The Company does not expect any material changes to other risk factors provided that temporary COVID-19 precautionary measures relax in the near future. If these measures extend indefinitely, there may be adverse effects on Titanium's credit risks as customers may become financially distressed. There may also be additional risks to the Company's operations as available workforce may contract for the Company, its customers and its suppliers. Furthermore, a prolonged period of precautionary measures will likely have severe effects on the Company's liquidity position. All of the above will have adverse impact to the Company's financial performance if the precautionary measures remain indefinite.

CHANGES IN ACCOUNTING POLICIES

IFRS 3, Definition of a Business, was amended in October 2019 and became effective January 1, 2020. The full description of this change in accounting policy is available in our condensed consolidated interim financial statements and did not have an impact on our results.

During the nine month period ending September 30, 2020, the Company adopted the following accounting policy as a result of qualifying for the Canada Emergency Wage Subsidy ("CEWS") program by the Government of Canada.

Government Assistance

Government subsidies and monetary assistances are recognized when there is a reasonable assurance that the subsidy will be received and that the Company will comply with all required conditions. Government subsidies related to current expenses are recorded as a reduction of the related expenses.