



Management's Discussion and Analysis

For the third quarter ended
September 30, 2021

Dated November 9, 2021

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2021

GENERAL INFORMATION

The following is Titanium Transportation Group Inc.'s management discussion and analysis dated November 9, 2021 ("MD&A"), which provides a comparative overview of the Company's performance for its three month and nine month periods ended September 30, 2021 with the corresponding three month and nine month periods ended September 30, 2020, and it reviews the Company's financial position as at September 30, 2021. 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, 2020 as well as the unaudited condensed consolidated interim financial statements of the Company for the third quarter ended September 30, 2021 ("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, 2021 were approved by its Board of Directors on November 9, 2021. 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 9, 2021. 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, Windsor, Belleville, Cornwall, and Brantford, ON, with additional parking/switch yards in Sudbury, Brockville and Trenton, ON and freight brokerage offices in Charlotte, NC, Nashville, TN and Chicago, IL. The Company has over 1,000 customers across various industries, including large multinational corporations. The Company has approximately 800 power units, 3,000 trailers, and 1,100 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.

The Logistics segment is a non-asset-based third-party logistics provider of ancillary transportation services, such as freight brokerage, North American and international freight forwarding, intermodal, special 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.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2021

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 income, revenue generated per truck and per mile, empty miles, driver retention and fuel efficiency.

Q3 2021 Key Highlights

- ◆ Consolidated revenue for Q3 2021 was \$101.7 million, the fifth consecutive quarter of record quarterly revenue, representing 93.2% increase over Q3 2020. The increase in revenue reflected a combination of rapid organic growth from both Canadian and U.S freight brokerage and contributions from our ITS acquisition.
- ◆ Operating income was \$1.7 million for Q3 2021, representing a 1.8% operating margin¹, compared to \$3.6 million and a 7.3% operating margin in Q3 2020. The Company did not receive Canadian Emergency Wage Subsidy ("CEWS") in the quarter, compared to \$1.2 million received in Q3 2020. Without CEWS, adjusted operating margin was 1.8%, compared to 4.5% in Q3 2020.
- ◆ Truck Transportation segment revenue for Q3 2021 was \$42.8 million, representing a 55.7% increase year over year. An adjusted operating loss of \$0.8 million was recorded with a corresponding -2.2% margin, decrease from Q3 2020 of \$2.2 million. No monies was received from CEWS for the segment for the quarter, compared to \$0.6 million received in Q3 2020.
- ◆ Logistics segment revenue was \$59.4 million for Q3 2021, a 128.7% increase when compared to \$26.0 million in the same period in 2020. U.S. freight brokerage segment contributed \$42.0 million in revenue in Q3 2021 or 208.1% increase from Q3 2020. Adjusted operating income was \$3.4 million, representing an 6.1% adjusted operating margin for the quarter, a point increase of 0.5% compared to adjusted operating income of \$1.4 million and a 5.8% adjusted operating margin in Q3 2020. Included in operating expenses of 2020 was \$0.6 million received from the CEWS program for the segment.

Revenue by Industry

Manufactured Goods	32.1%
Food & Beverage	25.5%
Retail	8.9%
Logistics/Trucking	8.5%
Services	8.3%
Metals & Mining	5.3%
Automotive	5.2%
Recycling	3.0%
Other	3.2%

Based on Q3 2021 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.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2021

RESULTS OF OPERATIONS

Financial Highlights (unaudited)

	3 months ended	3 months ended	9 months ended	9 months ended
	Sept 30 2021	Sept 30 2020	Sept 30 2021	Sept 30 2020
Revenue	93,146	49,772	265,181	126,550
Fuel surcharge	8,542	2,855	22,980	8,342
	101,688	52,627	288,161	134,892
Operating expenses	94,449	45,914	265,675	118,327
EBITDA ⁽¹⁾	7,239	6,713	22,486	16,565
EBITDA margin ⁽¹⁾	7.8 %	13.5 %	8.5 %	13.1 %
Depreciation	5,025	3,010	14,735	9,600
Amortization of customer lists	505	57	762	171
Operating income ⁽¹⁾	1,709	3,646	6,989	6,794
Operating margin ⁽¹⁾	1.8 %	7.3 %	2.6 %	5.4 %
Gain on sale of property and equipment	(839)	(606)	(1,255)	(713)
Finance costs	952	671	2,754	2,157
Finance income	(66)	(110)	(173)	(320)
Foreign exchange loss (gain)	(158)	147	221	(54)
Transaction costs	-	-	800	-
Loss/(Gain) on Sale of Marketable Securities	-	-	(111)	-
Income tax expense	466	889	1,292	1,552
Net income and comprehensive income attributable to owners of the Company	1,354	2,655	3,461	4,172

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

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2021

EXECUTIVE SUMMARY

Third quarter results continued to reflect Titanium's strategic investments in growth opportunities and focused execution as the company delivered record revenue for the fifth consecutive quarter, reaching \$107.7 million. Year-to-date in 2021, we have achieved record revenue of \$288.1 million, already exceeding the prior year total Company revenue of \$200.7 million. Titanium remains on track to achieve the guidance revenue of \$350 million.

Notably, despite the challenging times of the past year, the Titanium team has demonstrated our focus and agility in navigating through the ever-changing economic landscape.

Reflecting on this continued progress, we maintain a highly constructive outlook for the balance of the year as economic conditions are expected to continue to improve. Titanium remains committed to place the highest priority on protecting the safety and well-being of all of our staff and customers.

Record quarterly revenue was a result of significant growth in both of Titanium's operating segments. The Logistics segment quarterly revenue improved substantially due in large part to the growth in the U.S. Freight Brokerage operations, as the segment reported Q3 revenue of \$59.4 million, an increase of 128.7% from the same quarter in 2020. Following Titanium's acquisition of International Truckload Services Group ("ITS"), Truck Transportation segment also reported strong increase in quarterly revenue of 55.7% from Q3 of last year, at \$42.8 million for Q3 2021.

The acquisition of ITS was completed in the first quarter of 2021, adding approximately 330 power units, 1,600 trailers 470 employees and drivers to Titanium's platform, with an expected contribution of \$80 million in annual revenue to the Company. Consistent with plan, following the initial negative impact of the integration on segment EBITDA and operating margins, profitability improved in the third quarter. The integration of ITS continues to progress according to plan and profitability for the segment is expected to continue through the balance of the year as we will continue to extract synergies from this transaction in the coming quarters.

Our Logistics segment also saw significant growth in the quarter as revenue from U.S. operations increased by over three fold, from \$13.6 million in Q3 2020 to \$42.0 million in Q3 2021. During the quarter, the company also announced our next U.S. Freight Brokerage office in Denver, Colorado. This is the segment's fourth U.S. office within the last 27 months and has expanded the Titanium footprint into the western U.S. market.

Looking ahead, as pandemic-related challenges abate, improving economic conditions and an easing of operating restrictions is expected to support continued solid operating growth for Titanium. The logistics industry is experiencing increased challenges reflecting disruptions in global supply chains as well as upward pressure on inflation, and tighter labour market. However, relative to these conditions, Titanium remains very well positioned with a flexible, technology-based platform, driven by a dedicated team of professionals with a demonstrated track record of delivering for our customers through challenging times.

Overall, Titanium remains focused on executing our strategic growth initiatives, both organically and inorganically. We will continue to leverage our technology and people to realize post-acquisition synergies, operational efficiencies, and improving our best-in-class customer service. Regardless of the future economic landscape, Titanium will deliver sustainable, profitable growth and create long-term shareholder value.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2021

COVID-19 INFORMATION

It is Titanium's utmost priority to ensure the health and well-being 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 take all necessary precautionary actions to maintain uninterrupted service to our customers. Following our swift implementation of safety measures in Q1 2020, the following measures 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 efforts demonstrated by our people during these difficult times. Titanium can only operate without interruption due to the efforts by our valued team members.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2021

Selected Segmented Financial Information (unaudited)

	3 months ended	3 months ended	9 months ended	9 months ended
	Sept 30 2021	Sept 30 2020	Sept 30 2021	Sept 30 2020
Truck Transportation				
Revenue	37,956	25,974	113,541	74,528
Fuel surcharge	4,819	1,491	13,178	4,901
	42,775	27,465	126,719	79,429
Operating expenses				
Carriers and independent contractors	13,970	9,055	41,146	26,372
Vehicle operating	11,639	6,410	34,676	18,621
Wages and casual labour	11,292	6,318	33,649	17,718
Other operating	1,255	539	4,562	2,019
	38,156	22,322	114,033	64,730
EBITDA ⁽¹⁾	4,619	5,143	12,686	14,699
EBITDA margin ⁽¹⁾	12.2 %	19.8 %	11.2 %	19.7 %
Depreciation	4,939	2,933	14,380	9,185
Amortization of customer lists	505	57	762	171
Operating income (loss) ⁽¹⁾	(825)	2,153	(2,456)	5,343
Operating margin ⁽¹⁾	(2.2)%	8.3 %	(2.2)%	7.2 %
Gain on sale of property and equipment	(839)	(606)	(1,255)	(713)
Finance costs	884	627	2,593	2,039
Finance income	(66)	(110)	(173)	(320)
Transaction costs	-	-	800	-
Loss/(Gain) on Sale of Marketable Securities	-	-	(111)	-
Income tax expense (recovery)	(181)	574	(927)	1,199
Net income (loss)	(623)	1,668	(3,383)	3,138

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

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2021

Selected Segmented Financial Information (unaudited), continued

	3 months ended Sept 30 2021	3 months ended Sept 30 2020	9 months ended Sept 30 2021	9 months ended Sept 30 2020
Logistics				
Revenue	55,725	24,627	154,920	55,177
Fuel surcharge	3,723	1,364	9,800	3,441
	59,448	25,991	164,720	58,618
Operating expenses				
Carriers and independent contractors	51,015	22,024	139,642	50,108
Wages and casual labour	3,975	1,365	10,569	3,946
Other operating	1,034	614	2,372	1,410
	56,024	24,003	152,583	55,464
EBITDA/ Operating income ⁽¹⁾	3,424	1,988	12,137	3,154
EBITDA/ Operating margin ⁽¹⁾	6.1 %	8.1 %	7.8 %	5.7 %
Depreciation	86	77	355	415
Finance costs	68	44	161	118
Income tax expense	807	460	2,850	644
Net income	2,463	1,407	8,771	1,977

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

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2021

Revenue (unaudited)

	3 months ended Sept 30 2021	3 months ended Sept 30 2020	9 months ended Sept 30 2021	9 months ended Sept 30 2020
Truck Transportation				
Revenue	37,956	25,974	113,541	74,528
Fuel surcharge	4,819	1,491	13,178	4,901
	<u>42,775</u>	<u>27,465</u>	<u>126,719</u>	<u>79,429</u>
Logistics				
Revenue	55,725	24,627	154,920	55,177
Fuel surcharge	3,723	1,364	9,800	3,441
	<u>59,448</u>	<u>25,991</u>	<u>164,720</u>	<u>58,618</u>

For the three month and nine month periods ended September 30, 2021, the Company's consolidated revenues increased by \$49.1 million and \$153.3 million, or 93.2% and 113.6%, respectively, when compared to same periods ended September 30, 2020. The increase in revenue reflected significant growth in our U.S. logistics operations, which added \$42.0 million compared to \$13.6 million in the same period in 2020, and acquired revenue from ITS, which totaled \$14.7 million during the quarter. The average exchange rate used to convert our revenue generated in U.S. dollars decreased this quarter to C\$1.2601 from C\$1.3316 during the same period in 2020, resulting in a negative exchange impact on the company's income of \$3.2 million, with a corresponding positive exchange impact on the company's expense of \$2.3 million, for a net negative impact of \$0.9 million.

The Truck Transportation segment experienced an increase in revenue of \$15.3 million or 55.7% for the three month period and an increase of \$47.3 million, or 59.5% for the nine month period ended September 30, 2021 when compared to the same periods in 2020. The increase in the quarter reflected incremental revenue from acquisition of ITS, totalling \$14.7 million in the quarter. Total miles increased by 47.7% when compared to the nine month period ended September 30, 2020, reflecting the increase in capacity as a result of the acquisition. The pricing environment has also improved by 6.0% when compared to the same period in 2020, where economic conditions were dampened by the COVID-19 pandemic.

Logistics segment revenue increased \$33.5 million or 128.7%, for the three month period ended September 30, 2021 and an increase of \$106.1 million, or 181.0%, for the nine month period ended September 30, 2021, when compared to 2020. The significant increase in the segment was largely attributable to the U.S. Logistics segment, where revenue increased from \$13.6 million in the three month period ended September 30, 2020 to \$42.0 million in the same period this year. This incremental revenue from the U.S. segment is primarily due to the addition of Nashville, TN and Chicago, IL offices which started operations in the latter half of 2020, as well as significant economic recovery in selected U.S. markets as pandemic restrictions lessened. Revenues from the Canadian segment also increased by \$5.1 million, or 41.0% increase from the three month period ended September 30, 2020. The increase in this segment is mainly a reflection of improved volumes in the 3PL environment.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2021

Operating Expenses and Income (unaudited)

	3 months ended	3 months ended	9 months ended	9 months ended
	Sept 30 2021	Sept 30 2020	Sept 30 2021	Sept 30 2020
Truck Transportation				
Revenue	42,775	27,465	126,719	79,429
Operating expenses	38,156	22,322	114,033	64,730
EBITDA ⁽¹⁾	4,619	5,143	12,686	14,699
EBITDA margin ⁽¹⁾	12.2 %	19.8 %	11.2 %	19.7 %
Depreciation and amortization	5,444	2,990	15,142	9,356
Operating income ⁽¹⁾	(825)	2,153	(2,456)	5,343
Operating margin ⁽¹⁾	(2.2)%	8.3 %	(2.2)%	7.2 %
Logistics				
Revenue	59,448	25,991	164,720	58,618
Operating expenses	56,024	24,003	152,583	55,464
EBITDA/ Operating income ⁽¹⁾	3,424	1,988	12,137	3,154
EBITDA/ Operating margin ⁽¹⁾	6.1 %	8.1 %	7.8 %	5.7 %
Corporate				
Operating expenses	804	418	2,337	1,289

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

For the Truck Transportation segment, operating expenses increased by \$15.8 million, or 70.9%, for the three month period ended September 30, 2021 and increased by \$49.3 million, or 76.2%, for the nine month period ended September 30, 2021, when compared to the same periods in 2020. The increase in operating expenses was mainly a reflection of the increase in volume from the ITS acquisition. Included in wages and casual labour expense in 2020 was government assistance of \$0.62 million from CEWS program. The segment did not receive any assistance for the three month period ended September 30, 2021. Adjusted for government assistance received, the adjusted segment operating margin for nine month period ended September 30, 2021 decreased to -2.1% from 4.0%. Margins are expected to soften following an acquisition as the segment integrates the operations and realizes synergies. Increased fleet operating costs, including those to upgrade the ITS fleet to Titanium's standards, was the main factor behind the decrease in operating margin. Incremental costs associated with the ITS fleet reduced for the quarter and adjusted operating margins increased from -3.0% for the three month period ended June 30, 2021 to -2.2% for this quarter.

For the Logistics segment, operating expenses increased by \$32.0 million or 133.4% for the three month period ended September 30, 2021 and increased by \$97.1 million or 175.1% for the nine month period ended September 30, 2021, when compared to the same periods in 2020. The increase in expenses for the quarter was mainly attributable to significant volume growth in the U.S. Logistics segment reflecting improvements in economic conditions and the success of our strategic freight brokerage expansions. The increase was supplemented by a year over year increase in Canadian Logistics volume. No CEWS were received by the segment in this quarter but \$0.57 million was received in the same three month period in 2020. The segment adjusted operating margin increased from 5.8% to 6.1% in the three month period ended September 30, 2021 compared to prior year. For the nine month period ended September 30, 2021, the adjusted segment operating margin increased from 3.8% to 7.8% compared to the prior year.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2021

SUMMARY OF QUARTERLY RESULTS

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

(in thousands)

	<u>Q3'21</u>	<u>Q2'21</u>	<u>Q1'21</u>	<u>Q4'20</u>	<u>Q3'20</u>	<u>Q2'20</u>	<u>Q1'20</u>	<u>Q4'19</u>
Revenue	101,688	100,798	85,675	65,850	52,627	37,952	44,312	43,287
EBITDA ⁽¹⁾	7,239	7,731	7,515	6,529	6,713	5,305	4,547	4,467
EBITDA margin ⁽¹⁾	7.8 %	8.4 %	9.5 %	10.4 %	13.5 %	14.7 %	11.1 %	11.2 %
Operating income ⁽¹⁾	1,709	2,671	2,608	2,968	3,646	1,819	1,329	1,175
Operating margin ⁽¹⁾	1.8 %	2.9 %	3.3 %	4.7 %	7.3 %	5.1 %	3.3 %	2.9 %
Net income (loss) and comprehensive income (loss) attributable to the owners of the Company	1,354	938	1,169	2,094	2,655	874	643	273
Per share - basic	0.03	0.02	0.03	0.06	0.07	0.02	0.02	0.01
Per share - diluted	0.03	0.02	0.03	0.06	0.07	0.02	0.02	0.01

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

Changes from quarter to quarter are mainly a reflection of the seasonality of operations, changes in industry conditions and acquisitions. 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 the United States and Canada, imposed government-mandated shutdowns of non-essential businesses and travel 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 CEWS program, to alleviate the economic effects of the pandemic.

Market conditions began to improve at the end of Q2 2020. Freight demand increased during the second half of 2020 as many end markets served by Titanium resumed activities. The economic recovery was particularly strong in the United States, in part reflecting the accelerated roll-out of COVID-19 vaccinations. In contrast, the Canadian market lagged behind in the recovery process due to ongoing government-mandated closures and measures.

In addition, there has historically been an increase in revenue and a decrease in margins in quarters following an acquisition. Revenues have often decreased, stabilized and then increased while EBITDA margins have increased in quarters after a business acquisition.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2021

LIQUIDITY AND CAPITAL RESOURCES

	September 30	December 31
	2021	2020
Working capital (deficit) ⁽¹⁾	21,183	8,637
Total assets	227,001	138,764
Net debt ⁽²⁾	72,730	53,611
Shareholders' equity	72,671	47,071
Net debt to equity ratio ⁽³⁾	1.00	1.14

(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, 2021 when compared to December 31, 2020. We continued our successful capital management strategy and further enhanced the Company's net debt to equity position on top of significant improvements in 2020. The improvement this year is mainly due to cash flow generated from profitable operations, offset by debt incurred in financing the purchase of rolling stock. On a quarter-over-quarter basis, net debt to equity ratio increased slightly from 0.96 in Q2 2021 to 1.00 in Q3 2021.

In terms of rolling stock expenditure, we have committed \$28.5 million towards the purchase of 100 new power units and 200 trailers over the next year. Of this amount, \$4.4 million will be allocated towards 25 new power units to expand our current fleet. In addition, we expect to realize proceeds from the sale of excess aged equipment of approximately \$4.0 million. Since the start of 2021, the Company has realized \$3.4 million in proceeds on the sale of excess aged equipment. Our rolling stock replacement policy is to replace trucks after 6 years, van trailers after 10 years and flatbed trailers 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	32,891	10,289	7,420	5,730	5,240	3,189	1,023
Finance leases ⁽¹⁾⁽²⁾	54,477	8,560	7,164	4,326	2,670	31,722	35
	87,368	18,849	14,584	10,056	7,910	34,911	1,058

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

(2) Includes rental lease for Bolton head office in the amount of \$33.33 Million.

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.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2021

The portion of the Company's bank credit facilities which were unused as of September 30, 2021 include approximately \$25.5 million under the revolving demand operating facility, including an additional \$7.2 million new revolving demand operating facility in the quarter, and \$5.5 million under a finance lease loan facility. In addition, the Company has \$24.9 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, 2021 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 1.15. 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, 464,215 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 terminated on May 18, 2021.

During the quarter ended September 30, 2021, dividends of \$0.9 million or \$0.02 per common share (2020 - \$NIL) was declared and paid by the Company to its shareholders.

As of November 9, 2021, there are 43,966,294 common shares of the Company outstanding. In addition, there are 2,019,100 stock options outstanding, of which 1,150,598 are exercisable.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2021

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 \$3.3 million and \$9.5 million, respectively, for the three month and nine month periods ended September 30, 2021 (2020 - \$2.5 million and \$6.5 million).

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, 2021 was \$0.5 million and \$1.4 million, respectively (2020 - \$0.4 million and \$1.3 million). The Company has committed to annual base rent of \$1.8 million, which will increase to \$2.4 million over a 12 year period.

Trunkeast Investments Canada Limited, the Company's controlling shareholder as of September 30, 2021, provides administrative and support services to the Company on a monthly basis. For these services, the Company was charged \$7,500 and \$22,500 (2020 - \$7,500 and \$22,500) for the three month and nine month periods ended September 30, 2021, 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.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2021

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.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2021

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

The following new standards and amendments to standards are not yet effective for the year ended September 30, 2021 and have not been applied in preparing the consolidated interim financial statements:

IAS 1, Presentation of Financial Statements

IAS 37, Provisions, Contingent Liabilities and Contingent Assets