



Y E A R 2 0 2 3

Management's Discussion & Analysis

**FOR THE THREE MONTH ENDED
September 30, 2023**

Dated November 14, 2023

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2023

GENERAL INFORMATION

The following is Titanium Transportation Group Inc.'s management discussion and analysis dated November 14, 2023 ("MD&A"), which provides a comparative overview of the Company's performance for the three month and nine month periods ended September 30, 2023 with the corresponding three-month and nine-month periods ended September 30, 2022, and it reviews the Company's financial position as at September 30, 2023. 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, 2022, as well as the unaudited condensed consolidated interim financial statements of the Company for the third quarter ended September 30, 2023 ("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 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 thousand dollar, except per share amounts and where otherwise indicated. The Company's consolidated interim financial statements for the third quarter ended September 30, 2023, were approved by its Board of Directors on November 14, 2023. 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 14, 2023. Additional information relating to the Company is available on SEDAR at www.sedar.com.

OVERVIEW

Titanium 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, Brantford, ON, Oakwood, GA and Falkville, AL with additional parking/switch yards in Brockville and Trenton, ON and freight brokerage offices in Windsor, ON, Montreal, QC, Charlotte, NC, Nashville, TN, Chicago, IL, Denver, CO, Atlanta, GA, Fayetteville, AR and Jacksonville, FL. The Company has over 1,000 customers across various industries, including large multinational corporations. The Company has approximately 1,000 power units, 3,300 trailers, and over 1,300 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 its 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.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2023

The Logistics segment is a non-asset-based third-party logistics provider of ancillary transportation services, such as freight brokerage, freight forwarding, intermodal, special and expedited services. 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 income, revenue generated per truck and per mile, empty miles, driver retention and fuel efficiency.

Q3 2023 Key Highlights

- ◆ In line with our growth strategy, the Company acquired all the outstanding shares of Crane Transport, Inc. ("Crane") on July 31, 2023. Crane is a truckload carrier based in Oakwood, GA with a satellite terminal in Falkville, AL. This acquisition represents a pivotal achievement for the Company, being its largest to date and our first acquisition within the United States.
- ◆ Consolidated revenue for Q3 2023 was \$112.7 million, a 0.6% decrease over Q3 2022. The decrease was attributable to weaker transactional volumes and pricing due to softening market conditions. The contribution from the Crane acquisition totaled approximately \$14.4 million in the quarter.
- ◆ Operating income was \$5.1 million for Q3 2023, representing a 5.1% operating margin¹, compared to \$8.3 million and 8.5%, respectively, in Q3 2022. The decrease is consistent with softening market conditions.
- ◆ Truck Transportation segment revenue for Q3 2023 was \$62.4 million, representing a 13.6% increase year over year. Operating income was \$1.9 million for an operating margin of 3.6%, compared to \$3.3 million and 7.3%, respectively, in Q3 2022. Softening market conditions led to a decrease in freight volumes. In addition, the segment experienced typical post-acquisition margin softening and is expected to continue for one year as management integrate Crane onto the Titanium platforms.
- ◆ Logistics segment revenue was \$51.5 million for Q3 2023, a 13.6% decrease compared to \$59.6 million during the same period in 2022. Operating income was \$4.5 million, representing a 9.7% operating margin for the quarter - compared to \$5.8 million and 11.0%, respectively, in Q3 2022. Unfavourable market conditions in transactional freight demand, reflected in lower pricing, continued to be the main factor for the decrease.

Revenue by Industry

Manufactured Goods	29.0%
Food & Beverages	23.4%
Retail	11.1%
Services	8.5%
Logistics/Trucking	7.6%
Metals & Mining	6.0%
Automotive	5.6%
Recycling	4.2%
Other	4.6%

Based on Q3 2023 revenue

¹ Refer to "Results of Operations" on page 3 and "Non-IFRS Financial Measures" on page 13 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, 2023

RESULTS OF OPERATIONS

Financial Highlights (unaudited)
(in '000 Canadian dollars)

	3 months ended	3 months ended	9 months ended	9 months ended
	Sept 30 2023	Sept 30 2022	Sept 30 2023	Sept 30 2022
Revenue	98,612	97,108	278,278	334,979
Fuel surcharge	14,073	16,248	41,108	50,547
	112,685	113,356	319,386	385,526
Operating expenses	99,229	97,832	281,328	339,750
EBITDA ⁽¹⁾	13,456	15,524	38,058	45,776
EBITDA margin ⁽¹⁾	13.6 %	16.0 %	13.7 %	13.7 %
Depreciation	8,065	6,930	21,732	18,251
Amortization of customer lists	327	327	982	981
Operating income ⁽¹⁾	5,064	8,267	15,344	26,544
Operating margin ⁽¹⁾	5.1 %	8.5 %	5.5 %	7.9 %
Gain on sale of property and equipment	(415)	(3,344)	(3,728)	(5,839)
Finance costs	2,522	1,257	6,078	3,188
Finance income	(109)	(55)	(412)	(148)
Foreign exchange loss	1,507	1,429	986	1,891
Transaction costs	205	-	1,285	-
Income tax expense (recovery)	(520)	2,443	2,304	7,370
Net income	1,874	6,537	8,831	20,082
Net income per share - basic	0.04	0.15	0.20	0.46
Net income per share - diluted	0.04	0.14	0.19	0.45

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

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2023

EXECUTIVE SUMMARY

In a challenging economic landscape and freight market, Titanium demonstrated resilience by reporting a profitable quarter. Through the third quarter freight transportation continued to face substantial headwinds, including the adverse effects of rising interest rates, surging operating costs, overcapacity in the industry, and global geopolitical conflict. Furthermore, weaker than expected fuel prices, which leads to lower fuel surcharge, and freight volumes weighed down contractual and transactional freight rates. Against this backdrop, we demonstrated our commitment to continued growth with the acquisition of Crane Transport, Inc. ("Crane") -- our first U.S.-based asset acquisition. This acquisition will serve as a platform for further expansion into the U.S. marketplace growth.

Crane, located in what is known in the USA as "freight alley" specializes in Full Truckload interstate freight transportation services. The acquisition expands our service offerings to current and new U.S. customers and complements our existing freight brokerage services. Although operating in interstate commerce, Crane operates in similar geographic regions to Titanium. This will enable us to capture synergies and capitalize on the expertise of our team. With approximately 200 trucks in its fleet, generating about US\$60 million annually in revenue, we expect Crane to be a vital asset as we build a solid foothold for our U.S. expansion. Since closing the acquisition on July 31, 2023, our team has worked diligently on the new brand integration and we expect this to last the next few quarters. Even though we are just two months into the new brand integration process, our management team is pleased with the pace of integration, and we expect Crane to be onboarded to Titanium's technological platform and financial systems in a timely fashion. As is normal following an acquisition, we expected to see a temporary negative impact on margins during this period of transition. This was reflected in the results for our Truck Transportation segment during the quarter. In addition, soft economic conditions also put significant added pressure on the segment's margins. As a result, EBITDA margins for Truck Transportation decreased by four percentage points compared to the same quarter in 2022 despite an increase in revenue of \$7.4 million.

Our Logistics segment performed in line with expectations for the current freight environment. Transactional freight prices continued to face a confluence of adverse factors including softer freight demand, overcapacity, and lower fuel surcharge revenue. The pressure on pricing accounted for all the segment's 13.6% decrease in revenue despite a 6.1% increase in volume achieved by our team. We are very excited that the segment was able to grow organically through its new locations despite the unfavorable economic conditions. This is consistent with our core strategy of developing sustainable growth platforms across the entire company.

Notwithstanding overall difficult conditions and the toll on our short-term profitability, we are satisfied our segments remain profitable. More importantly, we remain profitable while we continue to build towards our future growth platforms. Titanium is focused on strengthening its foundations of people and technology, and with the acquisition of Crane, as well as our new Freight Brokerage offices, we remain well-positioned to scale for future, long-term, stable growth. Due to the temporary but sluggish freight transportation market, we are revising our revenue guidance to \$430 million to \$450 million in consolidated revenue but maintaining an EBITDA margin of 10.5% to 12.5%.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2023

Selected Segmented Financial Information (unaudited)

(in '000 Canadian dollars)

	3 months ended	3 months ended	9 months ended	9 months ended
	Sept 30 2023	Sept 30 2022	Sept 30 2023	Sept 30 2022
Truck Transportation				
Revenue	53,679	45,593	139,150	136,028
Fuel surcharge	8,718	9,355	24,078	26,875
	62,397	54,948	163,228	162,903
Operating expenses				
Carriers and independent contractors	21,510	16,281	51,765	48,795
Vehicle operating	13,250	14,360	38,694	47,644
Wages and casual labour	15,256	12,160	39,806	36,456
Other operating	2,261	1,718	5,162	4,913
	52,277	44,519	135,427	137,808
EBITDA ⁽¹⁾	10,120	10,429	27,801	25,095
EBITDA margin ⁽¹⁾	18.9 %	22.9 %	20.0 %	18.4 %
Depreciation	7,875	6,787	21,191	17,869
Amortization of customer lists	327	327	982	981
Operating income (loss) ⁽¹⁾	1,918	3,315	5,628	6,245
Operating margin ⁽¹⁾	3.6 %	7.3 %	4.0 %	4.6 %
Gain on sale of property and equipment	(415)	(3,344)	(3,728)	(5,839)
Finance costs	2,150	1,098	5,172	2,853
Finance income	(53)	(55)	(204)	(148)
Transaction costs	205	-	1,285	-
Income tax expense (recovery)	(286)	1,595	800	2,718
Net income	317	4,021	2,303	6,661

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

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2023

Selected Segmented Financial Information (unaudited), continued

(in '000 Canadian dollars)

	3 months ended	3 months ended	9 months ended	9 months ended
	Sept 30 2023	Sept 30 2022	Sept 30 2023	Sept 30 2022
Logistics				
Revenue	46,188	52,735	143,431	202,497
Fuel surcharge	5,355	6,893	17,030	23,672
	51,543	59,628	160,461	226,169
Operating expenses				
Carriers and independent contractors	41,645	46,793	129,768	181,745
Wages and casual labour	4,482	5,913	14,655	17,617
Other operating	945	1,119	2,847	3,427
	47,072	53,825	147,270	202,789
EBITDA/ Operating income ⁽¹⁾	4,471	5,803	13,191	23,380
EBITDA/ Operating margin ⁽¹⁾	9.7 %	11.0 %	9.2 %	11.5 %
Depreciation	190	143	541	382
Finance costs	373	159	906	334
Income tax expense	460	1,402	2,469	5,831
Net income	3,448	4,099	9,275	16,833

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

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2023

Revenue (unaudited)
(in '000 Canadian dollars)

	3 months ended	3 months ended	9 months ended	9 months ended
	Sept 30 2023	Sept 30 2022	Sept 30 2023	Sept 30 2022
Truck Transportation				
Revenue	53,679	45,593	139,150	136,028
Fuel surcharge	8,718	9,355	24,078	26,875
	<u>62,397</u>	<u>54,948</u>	<u>163,228</u>	<u>162,903</u>
Logistics				
Revenue	46,188	52,735	143,431	202,497
Fuel surcharge	5,355	6,893	17,030	23,672
	<u>51,543</u>	<u>59,628</u>	<u>160,461</u>	<u>226,169</u>

For the three month and nine month periods ended September 30, 2023, the Company's consolidated revenues decreased by \$0.7 million and \$66.1 million, respectively, or 0.6% and 17.2%, when compared to the same periods ended September 30, 2022. Soft market conditions resulted in volume decreases in the Truck Transportation segment and pricing decreases in the Logistics segment.

Truck Transportation segment revenue increased \$7.4 million or 13.6% during the quarter, compared to the same quarter in 2022, and \$0.3 million, or 0.2%, for the nine month-period ended September 30, 2023 compared to 2022. Freight volumes decreased by 6% year over year. In addition, fuel surcharge revenue fell, reflecting the decrease in price of diesel fuel. Offsetting the decrease in revenue was an injection of \$14.4 million from acquisition of Crane.

Logistics segment revenue decreased \$8.1 million or 13.6%, for the three-month period ended September 30, 2023 and \$65.7, million, or 29.1%, for the nine month period ended September 30, 2023, when compared to 2022. Despite 13.4% decrease in pricing year over year, the segment volume grew by over 6%, reflecting the Company's strategic investments in new Freight Brokerage offices in Montreal, QC, Fayetteville, AR and Atlanta, GA.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2023

Operating Expenses and Income (unaudited) (in '000 Canadian dollars)

	3 months ended	3 months ended	9 months ended	9 months ended
	Sept 30 2023	Sept 30 2022	Sept 30 2023	Sept 30 2022
Truck Transportation				
Revenue	62,397	54,948	163,228	162,903
Operating expenses	52,277	44,519	135,427	137,808
EBITDA ⁽¹⁾	10,120	10,429	27,801	25,095
EBITDA margin ⁽¹⁾	18.9 %	22.9 %	20.0 %	18.4 %
Depreciation and amortization	8,202	7,114	22,173	18,850
Operating income ⁽¹⁾	1,918	3,315	5,628	6,245
Operating margin ⁽¹⁾	3.6 %	7.3 %	4.0 %	4.6 %
Logistics				
Revenue	51,543	59,628	160,461	226,169
Operating expenses	47,072	53,825	147,270	202,789
EBITDA/ Operating income ⁽¹⁾	4,471	5,803	13,191	23,380
EBITDA/ Operating margin ⁽¹⁾	9.7 %	11.0 %	9.2 %	11.5 %
Corporate				
Operating expenses	1,134	709	2,932	2,700

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

For the Truck Transportation segment, operating expenses increased by \$7.8 million, or 17.4%, for the three-month period ended September 30, 2023 and by \$2.4 million, or 1.7%, for the nine month period ended September 30, 2023, compared to the same periods in 2022 -- primarily reflecting the Crane integration, offset by decreases in volume. For the three and nine month periods ended September 30, 2023, the segment operating margin was 3.6% and 4.0%, compared to a margin of 7.3% and 4.6%, respectively, for the same periods in 2022. Operating margin typically softens in the months post-acquisition but is expected to normalize upon completion of integration.

For the Logistics segment, operating expenses decreased by \$6.8 million, or 12.5%, for the three-month period ended September 30, 2023 and increased by \$55.5 million, or 27.4%, for the nine-month period ended September 30, 2023, compared to the same periods in 2022. Transactional freight rates continued to face downward pressure stemming from soft market conditions and over-capacity. Operating income and operating margins declined by \$1.3 million, or 22.9%, for the three month period ended September 30, 2023 and by \$10.2, million or 43.6%, for the nine-month period ended September 30, 2023 -- in line with the drop in segment revenue.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2023

SUMMARY OF QUARTERLY RESULTS

(in '000 Canadian dollars)

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

	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22	Q2'22	Q1'22	Q4'21
Revenue	112,685	100,379	106,322	110,849	113,356	136,183	135,987	111,283
EBITDA ⁽¹⁾	13,456	12,025	12,576	14,912	15,524	16,335	13,917	8,783
EBITDA margin ⁽¹⁾	13.6 %	13.6 %	13.8 %	15.9 %	16.0 %	14.0 %	11.5 %	8.7 %
Operating income ⁽¹⁾	5,064	4,997	5,282	6,619	8,267	10,131	8,146	2,942
Operating margin ⁽¹⁾	5.1 %	5.6 %	5.8 %	7.1 %	8.5 %	8.7 %	6.7 %	2.9 %
Adjusted net income ⁽¹⁾	2,264	4,163	3,588	4,800	6,537	7,577	5,969	1,573
Per share - basic	0.05	0.09	0.08	0.11	0.15	0.17	0.14	0.04
Per share - diluted	0.05	0.09	0.08	0.11	0.14	0.17	0.13	0.04

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

Changes from quarter to quarter are mainly a reflection of seasonality of operations, changes in industry conditions and acquisitions. Historically, the Company experiences weaker demand in the first quarter, moderate demand in the third and fourth quarters and stronger demand in the second quarter. After the initial economic slowdown during to the COVID-19 pandemic, consumer activity gradually began to resume as health restrictions started to ease in 2021. However, the supply chain struggled to keep pace with the higher levels of aggregate demand. This, combined with monetary measures introduced during the pandemic and the geopolitical impacts of Russia's invasion of Ukraine, were reflected in significant inflationary pressures in the North American and global economies. Operating costs rapidly increased starting in Q2 2021 and continued through to Q4 2022. Fuel prices rose, with global political unrest adding to market uncertainty, putting further upward pressure on operating costs. The pressure from increased operating costs, combined with tight capacity, created the conditions for an upward adjustment in freight rates.

Interest rates rose steadily in 2022 as central banks moved to stem inflation. Demand and production in China deteriorated during the lockdowns associated with the country's zero-COVID policy. In turn, the favourable freight demand level that had existed up to that point, began to soften in the second half of 2022. The potential exists for a global recession that could lead to further softening of market conditions for the remainder of the year.

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 the quarters after a business acquisition. For example, following the acquisition of ITS in 2021, the Truck Transportation segment EBITDA was significantly impacted by integration costs to bring the acquired fleet up to Titanium standards. Acquired revenue also followed the historical trend as we rebranded the fleet under the Titanium banner. Margins and EBITDA steadily recovered after Q4 2021, when the integration process was completed. In contrast, the BSC acquisition, in Q1 2022, did not have the same impact onto the Truck Transportation segment as the integration costs were absorbed by improvements in margin reflecting favourable market conditions prevailing at the time. We expect the Crane integration, which began Q3 2023, to follow pattern similar to the ITS integration.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2023

LIQUIDITY AND CAPITAL RESOURCES

(in '000 Canadian dollars)

	September 30 2023	December 31 2022
Working capital (deficit) ⁽¹⁾	(13,567)	31,469
Total assets	363,680	281,142
Net debt ⁽²⁾	170,927	91,288
Shareholders' equity	104,475	98,220
Net debt to equity ratio ⁽³⁾	1.64	0.93

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

(2) Net debt is defined as bank indebtedness, acquisition loan, loans payable and finance lease liabilities, net of cash, short term deposits and finance lease receivables, 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 decreased while the net debt position and net debt to equity ratio increased as at September 30, 2023 compared to December 31, 2022, primarily as a result of the acquisition of Crane on July 31, 2023 for cash consideration of \$39.9 million and \$44.7 million in assumed debt and vendor takeback loan. Titanium also purchased all real estate related to Crane's operations including the head office terminal in Georgia and the satellite terminal in Alabama as part of the transaction. This transaction represents our most significant acquisition to date, and we closed the acquisition without the necessity of raising additional capital due to our strong capital position.

In terms of rolling stock expenditures, we have committed \$14.0 million towards the purchase of 170 trailers over the next year. In addition, we expect to realize proceeds from the sale of excess aged equipment of approximately \$2.6 million. 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 further organic and inorganic growth of the business.

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

(in '000 Canadian dollars)

	Total	1 Year	2 Years	3 Years	4 Years	5 Years	After 5 Years
Loans	148,348	31,958	32,681	32,910	26,047	12,903	11,849
Finance leases	28,665	7,560	5,905	5,296	2,410	1,974	5,520
	177,013	39,518	38,586	38,206	28,457	14,877	17,369

Titanium actively seeks debt refinancing, when possible, especially for 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

The portion of the Company's unused bank credit facilities as of September 30, 2023 include approximately and meet regular debt repayment obligations. \$46.3 million under the revolving demand operating facility, \$12.5 million under a finance lease loan facility and \$9.5 million under an acquisition loan facility. In addition, the Company has \$22.2 million available in finance leasing and loan facilities through other institutions.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2023

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, 2023 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 \$9,600 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, 500,147 have not yet vested.

On October 18, 2023, we renewed its normal course issuer bid, allowing the Company to purchase up to 2,236,184 of its common shares (the "NCIB"), representing 5% of its issued and outstanding common shares.

During the nine month period ended September 30, 2023, the Company repurchased 796,245 (2022 - nil) common shares at a weighted average price of \$2.72 and a total purchase price of \$2.2 million. The excess of the purchase price paid over the carrying value of the shares repurchased, totaled \$0.8 million and was charged to retained earnings as a share repurchase premium.

As of November 14, 2023, there are 44,792,986 common shares of the Company outstanding. In addition, there are 2,898,700 stock options outstanding, of which 1,471,700 are exercisable.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2023

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 \$13.1 million for the nine-month period ended September 30, 2023 (2022 - \$14.6 million).

These transactions are in the normal course of operations materially under the same commercial terms and conditions as transactions with unrelated companies and are measured at fair value.

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.

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. We estimate we will deliver consolidated revenue between \$430 million to \$450 million and between EBITDA Margins of 10.5% to 12.5%.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2023

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.

RISKS AND UNCERTAINTIES

The Company's business is subject to several 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 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.

Titanium Transportation Group Inc.

Management's Discussion and Analysis for the third quarter ended September 30, 2023

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

In compliance with the provisions of Canadian Securities Administrators' National Instrument 52-109, the President and Chief Executive Officer ("CEO"), and the Chief Financial Officer ("CFO") of the Company, have designed, or caused to be designed under their supervision, disclosure controls and procedures as well as internal controls over financial reporting in order to provide reasonable assurance over reliability of financial reporting and material information relating to the Company's annual financial statements and other reports filed and submitted under securities legislation.

It is the responsibility of management for the establishment and maintenance of adequate disclosure controls and procedures, as well as internal controls over financial reporting. Effective disclosure controls and internal controls ensures the Company's consolidated financial statements are presented fairly and free of material misstatements. In addition, management conducts an evaluation of the effective of its internal controls over financial report and disclosure controls and procedures as at September 30, 2023, under the supervision and with the participation of the CEO and CFO.

Based on the evaluation performed, the CEO and CFO concluded that internal controls over financial reporting, as well as disclosure controls and procedures, were effective as at September 30, 2023, to provide reasonable assurance over the Company's consolidated financial statements for external reporting purposes prepared under these controls. The control framework used to design the Company's internal controls over financial reporting is based on Internal Control - Integrated Framework (2013 framework) as issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Due to its inherent limitations, internal control over financial reporting and disclosure may not prevent or detect all misstatements. Further, the effectiveness of internal control is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may change.

There were no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

CHANGES IN ACCOUNTING POLICIES

The following new standards and amendments to standards are not yet effective for the year ended September 30, 2023, and have not been applied in preparing the consolidated interim financial statements:

IAS 1, Presentation of Financial Statements

The following new standards, interpretations and amendments to standards became effective for the period beginning January 1, 2023. The full description of each of these changes in accounting policies is available in our consolidated interim financial statements. The impact of the adoption of these standards is outlined below.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors was amended in February 2021 through the publication of *Definition of Accounting Estimates (Amendments to IAS 8)* and became effective January 1, 2023. The full description of this change in accounting policy is available in our consolidated financial statements and did not have a material impact on our results.