TITANIUM Transportation Group Inc.

Management's Discussion and Analysis

For the third quarter ended
September 30, 2020

Dated November 10, 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.

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 EBITDA[1] and operating income[1], 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 margin[1], 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.

RESULTS OF OPERATIONS

Financial Highlights (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
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".

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.

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.

Selected Segmented Financial Information (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
	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".

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".

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
	27,464,959	27,303,954	79,429,307	83,922,571
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

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.

Operating Expenses and Income (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	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%.

SUMMARY OF QUARTERLY RESULTS

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

(in thousands)

	Q3'20	Q2'20	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19	Q4'18
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.

LIQUIDITY AND CAPITAL RESOURCES

	September 30 2020	December 31 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.

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.

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.

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 measurers 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 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.

Titanium Transportation Group Inc.

Unaudited Condensed Consolidated Interim Financial Statements

For the third quarter ended
September 30, 2020

Titanium Transportation Group Inc.
Condensed Consolidated Interim Statements of Financial Position

(unaudited)

(in Canadian dollars)

	September 30 2020	December 31 2019
Assets		
Current		
Cash	2,881,389	442,828
Trade and other receivables (note 14)	32,734,916	25,609,855
Current taxes recoverable	75,232	1,215
Finance lease receivables (note 5, 13)	1,740,620	2,323,339
Prepaid expenses and deposits	1,255,049	2,294,619
Assets held for sale (note 6)	185,221	156,663
	38,872,427	30,828,519
Finance lease receivables (note 5, 13)	2,170,961	3,565,333
Property and equipment (note 7)	38,711,768	40,055,922
Right of use assets (note 8)	54,591,259	57,517,554
Deferred tax assets	567,477	368,280
Customer lists (note 9)	914,200	1,085,650
Goodwill (note 9)	1,968,286	1,968,286
	137,796,378	135,389,544
Liabilities		
Current		
Bank indebtedness (note 10, 13)	2,286,737	7,080,567
Trade and other payables	19,655,937	14,611,802
Current taxes payable	1,042,285	272,830
Loans payable (note 10, 13)	5,594,797	6,155,528
Finance lease liabilities (note 10, 13, 14)	5,493,571	7,657,289
	34,073,327	35,778,016
Loans payable (note 10, 13)	14,137,998	13,486,251
Finance lease liabilities (note 10, 13, 14)	36,530,451	38,432,400
Deferred tax liabilities	7,647,304	7,089,402
	92,389,080	94,786,069
Commitments and contingencies (note 16)		
Shareholders' Equity		
Share capital (note 11)	23,047,015	22,812,412
Contributed surplus (note 12)	8,683,891	8,257,345
Retained earnings	13,676,392	9,533,718
	45,407,298	40,603,475
	137,796,378	135,389,544

On behalf of the Board

"Ted Daniel"
Director

"Bill Chyfetz"
Director

See accompanying notes

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Comprehensive Income

(unaudited)

(in Canadian dollars)

	3 months ended Sept 30 2020	3 months ended Sept 30 2019	9 months ended Sept 30 2020	9 months ended Sept 30 2019
Revenue (note 14)	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				
Carriers and independent contractors	30,250,372	21,713,092	73,324,613	59,782,733
Vehicle operating	6,410,093	6,479,651	18,621,153	20,465,764
Wages and casual labour (note 15, 17)	7,928,179	8,419,832	22,402,322	25,206,241
Other operating	1,325,841	1,560,271	3,978,893	4,299,387
	45,914,485	38,172,846	118,326,981	109,754,125
Income before the following	6,712,809	4,535,270	16,564,917	13,987,694
Depreciation (note 7, 8)	3,009,794	3,453,533	9,599,640	10,061,300
Gain on sale of property and equipment	(605,844)	(165,142)	(712,725)	(537,656)
Finance costs (note 14)	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)
Amortization of customer lists (note 9)	57,150	57,150	171,450	171,450
	3,168,873	4,031,310	10,841,186	11,962,579
Income before income taxes	3,543,936	503,960	5,723,731	2,025,115
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
Earnings per share:				
Basic	0.07	0.01	0.12	0.04
Diluted	0.07	0.01	0.11	0.04
Weighted average number of shares outstanding:				
Basic (note 11)	36,011,204	36,213,071	35,984,265	36,340,670
Diluted (note 11)	36,752,480	36,713,726	36,679,890	36,780,704

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Changes in Equity

Nine months ended September 30, 2020 and 2019 (unaudited)

(in Canadian dollars)

	Share Capital	Contributed Surplus	Retained Earnings	Total
Balances at December 31, 2019	22,812,412	8,257,345	9,533,718	40,603,475
Share issuance (note 11)	246,813	-	-	246,813
Shares vested (note 11)	21,218	(21,218)	-	-
Share-based compensation expense (note 11, 12)	-	447,764	-	447,764
Share cancellation (note 11)	(33,428)	-	(28,960)	(62,388)
Net income and comprehensive income	-	-	4,171,634	4,171,634
Balances at September 30, 2020	23,047,015	8,683,891	13,676,392	45,407,298
Balances at December 31, 2018	22,926,679	7,667,086	8,417,932	39,011,697
Share issuance (note 11)	249,031			249,031
Share-based compensation expense (note 11, 12)	-	407,459	-	407,459
Share cancellation (note 11)	(270,476)	-	(279,201)	(549,677)
Net income and comprehensive income	-	-	1,312,369	1,312,369
Balances at September 30, 2019	22,905,234	8,074,545	9,451,100	40,430,879

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Cash Flows

(unaudited)

(in Canadian dollars)

	3 months ended Sept 30 2020	3 months ended Sept 30 2019	9 months ended Sept 30 2020	9 months ended Sept 30 2019
Cash flows from operating activities				
Net income	2,654,783	313,061	4,171,634	1,312,369
Adjustments:				
Depreciation (note 7, 8)	3,009,794	3,453,533	9,599,640	10,061,300
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)
Amortization of customer lists	57,150	57,150	171,450	171,450
Share-based compensation expense	129,049	170,639	447,764	407,459
Income tax expense	758,424	190,899	1,193,733	712,746
	6,564,528	4,764,042	16,708,528	14,445,496
Net change in non-cash operating working capital	(5,379,726)	3,879,604	(792,534)	4,121,414
	1,184,802	8,643,646	15,915,994	18,566,910
Interest paid	(680,850)	(853,908)	(2,202,826)	(2,611,485)
Interest received	109,819	95,331	319,860	292,424
Income taxes received (paid)	(94,271)	(536)	(139,589)	(536)
	519,500	7,884,533	13,893,439	16,247,313
Cash flows from investing activities				
Proceeds from finance lease receivables (note 13)	551,009	633,440	1,766,587	1,979,893
Acquisition of property and equipment (note 7, 13)	-	(372,322)	(60,464)	(913,280)
Disposition of property and equipment (note 6, 7)	865,000	231,052	987,850	489,802
	1,416,009	492,170	2,693,973	1,556,415
Cash flows from financing activities				
Proceeds from bank indebtedness (note 13)	2,093,874	-	-	-
Repayment of bank indebtedness (note 13)	-	(3,518,322)	(4,859,518)	(3,570,369)
Repayment of loans payable (note 13)	(1,343,543)	(2,684,756)	(4,669,482)	(7,504,095)
Proceeds from finance lease liabilities (note 13)	-	-	335,225	-
Repayment of finance lease liabilities (note 13)	(1,587,053)	(2,029,466)	(5,139,500)	(6,148,941)
Issuance of shares (note 11)	84,301	86,722	246,812	249,031
Shares repurchases (note 11)	-	(230,317)	(62,388)	(549,677)
	(752,421)	(8,376,139)	(14,148,851)	(17,524,051)
Increase in cash	1,183,088	564	2,438,561	279,677
Cash, beginning	1,698,301	516,609	442,828	237,496
Cash, ending	2,881,389	517,173	2,881,389	517,173

Refer to note 13 for supplemental cash flow information.

1. REPORTING ENTITY

Titanium Transportation Group Inc. (the "Company" or "Titanium") commenced operations as a transportation company on July 3, 2002. The Company is a truck-based carrier and logistics broker servicing all of North America with distribution terminals based in Bolton, Bracebridge, Napanee, North Bay and Windsor, Ontario. The registered head office of the Company is at 32 Simpson Rd, Bolton, Ontario, L7E 1G9. Titanium was incorporated on July 11, 1989 under the Canada Business Corporations Act.

The controlling shareholder of the Company is Trunkeast Investments Canada Limited ("Trunkeast") and the ultimate controlling shareholder is De Zen Investments Canada Limited.

The common shares of the Company trade on the TSX Venture Exchange under the symbol "TTR".

The condensed consolidated interim financial statements include the accounts of the Company and all of its subsidiaries.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent annual consolidated financial statements of the Company, including the notes thereto, for the year ended December 31, 2019.

These condensed consolidated interim financial statements have been prepared by and are the sole responsibility of the Company's management. The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants of Canada for the review of interim financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 10, 2020.

Basis of Measurement

These condensed consolidated interim financial statements have been prepared on a going concern basis using historical cost, except for assets and liabilities acquired in business combinations, which are measured at fair value at the acquisition date.

2. BASIS OF PRESENTATION - continued

Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented has been rounded to the nearest dollar, except per share amounts and where otherwise indicated.

Items included in the condensed consolidated interim financial statements of all of the Company’s subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the “functional currency”). The Company identified that all of their subsidiaries with the exception of one have a functional currency of the Canadian Dollar. Titanium American Logistics Inc. in the United States, a wholly owned subsidiary incorporated in fiscal 2019, was determined to have a functional currency of the United States Dollar.

Seasonality of Interim Operations

The activities of the Company are subject to seasonal demand for truck transportation. Historically, the Company has experienced weaker demand in the first quarter, moderate demand in the third and fourth quarters and stronger demand in the second quarter. In addition, harsher winter conditions generally result in lower fuel economy and increased repair costs. Furthermore, the timing of acquisitions and variations in industry conditions could have a considerable impact on quarterly results. Consequently, the results of operations for the interim period are not necessarily indicative of the results of operations for the full year.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Judgment

The preparation of these condensed consolidated interim financial statements in accordance with IFRS, requires management to make judgments that affect the application of accounting policies and the interpretation of accounting standards. Management periodically reviews its judgments and underlying assumptions with regards to the significant items outline below. Readers are cautioned that the foregoing list is not exhaustive and other items may also be affected by judgment.

a) *Impairment of Intangible Assets* - Goodwill and intangible assets that have an indefinite life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Except for risk factors identified in Note 17, the Company has not identified any indicators of impairment relating to COVID-19.

b) *Business combinations* – Tangible assets acquired as part of a business combination are valued based on management estimates of current market values, recent selling activity and third party valuations. Intangible assets are valued based on future discounted expected cash flows, customer attrition and workforce turnover. Discount rates are estimated based on industry averages, company size and capital structure.

c) *Income Taxes* – Future tax balances are estimated based on expected future tax rates and the probability of future taxable income needed to realize deferred tax assets. Expected future tax rates are based on currently enacted tax rates or pronounced changes. Future taxable income is based on past performance and future expected conditions.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Estimates and Assumptions

The preparation of condensed consolidated interim financial statements in accordance with IFRS, requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenues and expenses for the period. Management makes estimates based on specific facts or circumstances as well as past experiences. Management periodically reviews its estimates and underlying assumptions with regards to the significant items outline below. Due to the inherent uncertainty involved with making such estimates, actual results could differ from those reported. As adjustments become necessary, they are reported in the condensed consolidated interim statement of comprehensive income in the period in which they become known. Readers are cautioned that the foregoing list is not exhaustive and other items may also be affected by estimates.

a) *Impairment of trade and other receivables* – An allowance for lifetime expected credit losses is established based on a combined approach of specific account identification and the use of a provision matrix. Management regularly analyzes its approach and exposure to credit loss based on an analysis of all relevant current information as well as historical trends. Except for risk factors identified in Note 17, the Company has not identified any indicators of impairment relating to COVID-19.

b) *Depreciation and impairment of property and equipment and Right of Use Asset*s – Estimates of useful lives for straight line depreciation are based on management's historical experience and are reviewed on an ongoing basis. Property and equipment, as well as Right-of-Use Assets, is assessed for impairment when events or changes in circumstances indicate that the Company may not be able to recover its carrying value.

c) *Share-based payments* – Management estimates expected volatility, the expected life of the instrument and expected forfeitures when valuing share-based payments. Volatility is estimated based on historical trading data. The expected life of the instrument and expected forfeitures is based on past experience.

d) *Provisions* – Estimates of expected settlements arising from matters involving litigation or accident claims are based on information provided by legal counsel or insurance professionals.

New Standard Adopted

IFRS 3, Definition of a Business, was amended in October 2019. The IASB issued narrow-scope amendments to the standards, including revising the definition of a business and introducing an option concentration test. The amendments are expected to assist companies in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments became effective for the Company on January 1, 2020 and did not have an impact on the condensed consolidated interim financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued, but have future effective dates, are either not applicable or are not expected to have a significant impact on the Company's condensed consolidated interim financial statements.

4. OPERATING SEGMENTS

The Company's business activities are made up of two main segments: Truck Transportation and Logistics. The Truck Transportation segment represents the pickup and delivery of full loads across Canada and the United States using a van, flatbed or other specialized equipment. The Logistics segment represents the brokering of freight across North America. The Company's CEO reviews internal management reports for each operating segment on a monthly basis. Operating segment results that are reported include items directly attributable to each operating segment, as well as those that can be allocated on a reasonable basis. Unallocated items ("Corporate") are comprised mainly of expenses required to operate a publicly traded and multi-entity organization.

	Truck Transportation	Logistics	Corporate	Elimination	Total
Three months ended September 30, 2020					
Revenue - external	26,635,868	25,991,426	-	-	52,627,294
Revenue - internal	829,091	-	-	(829,091)	-
Total revenue	27,464,959	25,991,426	-	(829,091)	52,627,294
Depreciation	2,933,051	76,743	-	-	3,009,794
Finance costs	626,645	44,346	-	-	670,991
Finance income	(109,819)	-	-	-	(109,819)
Income (loss) before income taxes	2,241,556	1,867,024	(564,644)	-	3,543,936
Income taxes (recoveries)	574,102	459,829	(144,778)	-	889,153
Capital expenditures	4,187,950	647,726	-	-	4,835,676
Three months ended September 30, 2019					
Revenue - external	25,995,793	16,712,323	-	-	42,708,116
Revenue - internal	1,308,161	-	-	(1,308,161)	-
Total revenue	27,303,954	16,712,323	-	(1,308,161)	42,708,116
Depreciation	3,233,675	219,858	-	-	3,453,533
Finance costs	803,362	35,871	-	-	839,233
Finance income	(95,331)	-	-	-	(95,331)
Income (loss) before income taxes	382,386	577,755	(456,181)	-	503,960
Income taxes (recoveries)	134,044	154,657	(97,802)	-	190,899
Capital expenditures	1,138,074	62,236	-	-	1,200,310

4. OPERATING SEGMENTS - continued

	Truck Transportation	Logistics	Corporate	Elimination	Total
Nine months ended September 30, 2020					
Revenue - external	76,274,133	58,617,765	-	-	134,891,898
Revenue - internal	3,155,174	-	-	(3,155,174)	-
Total revenue	79,429,307	58,617,765	-	(3,155,174)	134,891,898
Depreciation	9,185,290	414,350	-	-	9,599,640
Finance costs	2,038,919	117,973	-	-	2,156,892
Finance income	(319,860)	-	-	-	(319,860)
Income (loss) before income taxes	4,236,896	2,621,233	(1,234,398)	-	5,623,731
Income taxes (recoveries)	1,199,077	644,275	(291,255)	-	1,552,097
Capital expenditures	4,685,192	709,636	-	-	5,394,828
Nine months ended September 30, 2019					
Revenue - external	80,087,307	43,654,512	-	-	123,741,819
Revenue - internal	3,835,264	-	-	(3,835,264)	-
Total revenue	83,922,571	43,654,512	-	(3,835,264)	123,741,819
Depreciation	9,503,749	557,551	-	-	10,061,300
Finance costs	2,513,168	97,084	-	-	2,610,252
Finance income	(292,424)	-	-	-	(292,424)
Income (loss) before income taxes	1,770,801	1,425,394	(1,171,080)	-	2,025,115
Income taxes (recoveries)	567,259	407,643	(262,156)	-	712,746
Capital expenditures	5,808,335	281,631	-	-	6,089,966

Revenue is attributed to geographical locations based on the location of the origin of the service. All of the Company's assets are located in Canada.

	3 months ended Sept 30 2020	3 months ended Sept 30 2019	9 months ended Sept 30 2020	9 months ended Sept 30 2019
Canada	25,137,680	26,010,483	68,821,300	75,899,455
United States	27,489,614	16,697,633	66,070,598	47,842,364
	52,627,294	42,708,116	134,891,898	123,741,819

5. FINANCE LEASE RECEIVABLES

During the nine month period ended September 30, 2020, the Company entered into new finance leases totaling $1,031,065, which are receivable over 10 to 60 months with interest rates ranging from 4.50% to 7.25%.

6. ASSETS HELD FOR SALE

Assets held for sale are comprised of excess and aged rolling stock that is inactive and awaiting sale. These assets are expected to be sold over the next six months. No gain or loss was recognized on reclassification of these assets to assets held for sale. These assets relate entirely to the Truck Transportation segment.

Balance, December 31, 2019	156,663
Reclassification from property and equipment	267,387
Disposals	(238,829)
Balance, September 30, 2020	185,221

7. PROPERTY AND EQUIPMENT

	Land, Buildings and Leaseholds	Furniture and Equipment	Rolling Stock	Total
Cost				
Balances, December 31, 2019	10,787,047	3,628,497	57,125,292	71,540,836
Reacquisition of rolling stock relating to finance lease receivables	-	-	1,324,535	1,324,535
Other additions	-	61,910	4,884,638	4,946,548
Sale of rolling stock relating to finance lease receivables	-	-	(1,160,125)	(1,160,125)
Other disposals	-	(273,427)	(879,778)	(1,153,205)
Reclassification to assets held for sale	-	-	(3,368,678)	(3,368,678)
Balances, September 30, 2020	10,787,047	3,416,980	57,925,884	72,129,911
Accumulated depreciation				
Balances, December 31, 2019	1,748,006	3,015,322	26,721,586	31,484,914
Depreciation	394,026	472,997	5,495,224	6,362,247
Sale of rolling stock relating to finance lease receivables	-	-	(297,701)	(297,701)
Other disposals	-	(273,183)	(756,843)	(1,030,026)
Reclassification to assets held for sale	-	-	(3,101,291)	(3,101,291)
Balances, September 30, 2020	2,142,032	3,215,136	28,060,975	33,418,143
Net carrying amounts				
At December 31, 2019	9,039,041	613,175	30,403,706	40,055,922
At September 30, 2020	8,645,015	201,844	29,864,909	38,711,768

8. RIGHT OF USE ASSETS

	Land and Buildings	Furniture and Equipment	Rolling Stock	Total
Cost				
Balances, December 31, 2019	34,742,752	1,531,949	36,195,567	72,470,268
Other additions	647,727	-	-	647,727
Other Disposals	-	-	(39,886)	(39,886)
Sale of rolling stock relating to finance lease receivables	-	-	(175,396)	(175,396)
Purchase of lease assets	-	-	(156,000)	(156,000)
Balances, September 30, 2020	35,390,479	1,531,949	35,824,285	72,746,713
Accumulated depreciation				
Balances, December 31, 2019	1,204,266	815,624	12,932,824	14,952,714
Depreciation	353,693	304,962	2,777,938	3,436,593
Sale of rolling stock relating to finance lease receivables	-	-	(63,032)	(63,032)
Other Disposals	-	-	(14,821)	(14,821)
Purchase of lease assets	-	-	(156,000)	(156,000)
Balances, September 30, 2020	1,557,959	1,120,586	15,476,909	18,155,454
Net carrying amounts				
At December 31, 2019	33,538,486	716,325	23,262,743	57,517,554
At September 30, 2020	33,832,520	411,363	20,347,376	54,591,259

9. GOODWILL AND INTANGIBLES

	Goodwill	Customer Lists	Total
Balances, December 31, 2019	1,968,286	1,085,650	3,053,936
Amortization	-	(171,450)	(171,450)
Balances, September 30, 2020	1,968,286	914,200	2,882,486

10. LONG-TERM DEBT

Terms and conditions of outstanding long-term debt are as follows:

	Effective Interest Rate	Year of Maturity	Carrying Amount
Bank indebtedness	PRIME+0.50%	N/A	2,286,737
Loans payable	2.67% - 5.19%	2020-2031	19,732,795
Finance lease liabilities	2.43% - 5.60%	2021-2026	42,024,022
			64,043,554
Current portion			13,375,105
			50,668,449

11. SHARE CAPITAL

Authorized

Unlimited number of common shares with no par value

	Common Shares #	Share Capital $
Issued		
Balances, December 31, 2019	36,357,576	22,812,412
Shares issued as part of share purchase plan	309,056	268,031
Shares repurchase and cancelled	(53,200)	(33,428)
Balances, September 30, 2020	36,613,432	23,047,015

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, 561,202 (December 31, 2019 - 422,808) have not vested. During the three month and nine month period ended September 30, 2020, the Company recognized an expense of $77,102 and $230,504 (2019 - $56,280 and $147,506) relating to the Plan, with a corresponding increase to contributed surplus.

11. SHARE CAPITAL - continued

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 nine 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.

The weighted average number of common shares outstanding has been calculated as follows:

	3 months ended Sept 30 2020	**3 months ended Sept 30 2019**	**9 months ended Sept 30 2020**	**9 months ended Sept 30 2019**
Issued common shares, beginning	36,499,027	36,616,769	36,357,576	36,655,488
Effect of unvested common shares	(545,026)	(371,226)	(501,239)	(327,364)
Effect of issued common shares	57,203	58,461	136,795	173,968
Effect of repurchased common shares	-	(90,933)	(8,867)	(161,422)
Weighted average number of common shares	36,011,204	36,213,071	35,984,265	36,340,670
Dilutive effect of restricted common shares and stock options	741,276	500,655	695,625	440,034
Weighted average number of diluted common shares	36,752,480	36,713,726	36,679,890	36,780,704

12. CONTRIBUTED SURPLUS

Share-based compensation expense is comprised of the following:

	3 months ended Sept 30 2020	3 months ended Sept 30 2019	9 months ended Sept 30 2020	9 months ended Sept 30 2019
Share purchase plan	77,102	56,280	230,504	147,506
Stock options	51,947	114,359	217,260	259,953
	129,049	170,639	447,764	407,459

The Company offers a stock option plan for the benefit of certain of its directors, employees and consultants. The maximum number of shares which may be issued under this plan may not exceed 7% of the number of issued and outstanding shares of the Company. Each stock option entitles its holder to receive one common share upon exercise. The majority of options vest over a period of six years, with half vesting three years from issuance and the other half vesting six years from issuance. The following table summarizes the changes in outstanding stock options:

	Grant #	Exercise Price
Balances, December 31, 2019	1,728,000	1.71
Issued	250,800	1.50
Forfeited	(40,000)	2.35
Balances, September 30, 2020	1,938,800	1.67

Of the total stock options issued during the period, 50,000 (2019 - NIL) stock options were issued to key management personnel. The estimated fair value of stock options was calculated using the Black-Scholes option pricing model with the following assumptions: i) the expected life of each stock option is between 3.5 and 8.5 years; ii) the risk free rate is between 0.37% and 1.59%; iii) the dividend yield will be $NIL; and iv) expected volatility is 58.41% to 60.20%. Volatility was determined using the Company's trading data from the first day of trading to the date of issuance. Variables used in the Black-Scholes option pricing model are based on highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

The following table summarizes information about stock options outstanding as at September 30, 2020:

Exercise Price $	Options Outstanding #	Weighted Average Remaining Life in years	Options Exercisable #
1.50	1,693,800	5.4	861,997
2.85	245,000	5.4	122,500
1.67	1,938,800	5.4	984,497

13. SUPPLEMENTAL CASH FLOW INFORMATION

a) A reconciliation of assets arising from investing activities is as follows:

		Cash Flows	Non-Cash Changes		
	Balance Dec 31 2019		**New Leases**	**Reacquired Leases**	**Balance Sept 30 2020**
Finance lease receivables	5,888,672	(1,766,587)	1,031,065	(1,241,569)	3,911,581

b) A reconciliation of liabilities arising from financing activities is as follows:

		Cash Flows	Non-Cash Changes		
	Balance Dec 31 2019		**New Leases /Loans**	**Foreign Exchange Movement**	**Balance Sept 30 2020**
Bank indebtedness	7,080,567	(4,859,518)	-	65,688	2,286,737
Loan payable	19,641,779	(4,669,482)	4,707,834	52,664	19,732,795
Finance lease liabilities	46,089,689	(5,139,500)	647,726	426,107	42,024,022
	72,812,035	(14,668,500)	5,355,560	544,459	64,043,554

14. RELATED PARTY TRANSACTIONS AND BALANCES

During the period, Trunkeast held a significant portion of the shares of the Company and had de facto control. Neither Trunkeast nor the ultimate parent produce consolidated financial statements available for public use.

	3 months ended Sept 30 2020	**3 months ended Sept 30 2019**	**9 months ended Sept 30 2020**	**9 months ended Sept 30 2019**
Provided truck transportation services to Vision Extrusions Group Limited, Vision Profile Extrusions Ltd. and Sunview Patio Doors Ltd., companies under common control	2,541,831	1,973,936	6,498,974	5,643,138
Paid rent to Caledon First Investments Limited, a company under common control	(448,029)	(441,132)	(1,344,105)	(1,323,396)
Paid occupancy costs to Caledon First Investments Limited, a company under common control	(67,925)	(67,925)	(203,775)	(203,775)
Paid management fees to Trunkeast	(7,500)	(7,500)	(22,500)	(22,500)
	2,018,377	1,457,379	4,928,594	4,093,467

Under IFRS 16, rent paid to Caledon First Investments Limited is considered repayment of finance lease obligations, with deemed interest paid for right-of-use asset included in finance costs of $378,597 and $1,138,104 (2019 - $381,589 and $1,146,749), respectively, during the three and nine month period ended September 30, 2020.

Included in finance lease liabilities as at September 30, 2020 is a total of $33,681,672 (2019 - $33,954,792) payable to Caledon First Investments Limited for the use of the Company's head office terminal.

Included in trade and other receivables as at September 30, 2020 is a total of $909,708 (2019 - $557,740) due from these related companies.

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.

15. WAGES AND CASUAL LABOUR

Included in wages and casual labour are the following:

	3 months ended Sept 30 2020	3 months ended Sept 30 2019	9 months ended Sept 30 2020	9 months ended Sept 30 2019
Share-based compensation expense	129,049	170,639	447,764	407,459
Employee benefits	133,205	227,160	441,998	639,097
Key management personnel:				
Salaries and benefits	171,390	166,127	521,477	520,158
Share-based compensation expense	43,173	32,138	126,403	101,289

Board members and executive officers are deemed to be key management personnel.

16. COMMITMENTS AND CONTINGENCIES

a) As at September 30, 2020, the Company was committed to purchasing approximately $12.8 million in rolling stock.

b) The Company has a letter of credit outstanding for $665,843 in favour of Caledon First Investments Limited, a company under common control, as a security deposit required under the lease for its Bolton head office.

c) The Company is regularly subject to litigation in the normal course of business. In the opinion of management, the outcome of current pending claims, in aggregate, is not likely to be material to the financial condition or results of operations of the Company.

17. COVID-19 INFORMATION

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.

In March 2020, the Government of Canada introduced the Canada Emergency Wage Subsidy ("CEWS") to support employers severely affected by COVID-19 and protect Canadian jobs. The subsidy covers 75% of an employee's wages (to maximum of $1,129 per week) for employers with decrease in gross revenues of at least 15% in period relating to March 2020 when compared to March 2019, and 30% in periods relating to April to June. This program has recently been extended to December 2020 with revised calculations with reduced subsidies for periods relating to July and onwards.

During the three month and nine month period ending September 30, 2020, the Company qualified for the CEWS program and recognized $1.19 million and $3.37 million, respectively, in subsidies as a reduction to wages and casual labour expenses.

The Company will continue to review all programs offered by the Government and ensure that it applies for all appropriate support.

The Company's exposure to interest rate risk and foreign exchange risk has heightened during the pandemic. 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 the temporary COVID-19 precautionary measures relax in the near future. If these measures extend indefinitely, there will 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 and financial performance.