YEAR 2023

Titanium Transportation Group Inc.

Management's Discussion & Analysis

FOR THE THREE MONTH ENDED
MARCH 31, 2023

Dated May 15, 2023

GENERAL INFORMATION

The following is Titanium Transportation Group Inc.'s management discussion and analysis dated May 15, 2023 ("MD&A"), which provides a comparative overview of the Company's performance for its three month period ended March 31, 2023 with the corresponding three month period ended March 31, 2022, and it reviews the Company's financial position as at March 31, 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 annual 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 first quarter ended March 31, 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 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 thousand dollar, except per share amounts and where otherwise indicated. The Company's consolidated interim financial statements for the first quarter ended March 31, 2023 were approved by its Board of Directors on May 15, 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 May 15, 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 and Brantford, ON, 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 and Fayetteville, AR. The Company has over 1,000 customers across various industries, including large multinational corporations. The Company has approximately 800 power units, 3,000 trailers, and over 1,100 independent owner operators and full-time employees.

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

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

Q1 2023 Key Highlights

- Consolidated revenue for Q1 2023 was $106.3 million, a 21.8% decrease over Q1 2022. The decrease was attributable to weaker transactional volumes and pricing due to softening market conditions.
- Operating income was $5.3 million for Q1 2023, representing a 5.8% operating margin[1], compared to $8.1 million and a 6.7% in Q1 2022. The decrease is consistent with softening market conditions.
- Truck Transportation segment revenue for Q1 2023 was $51.6 million, representing a 4.5% increase year over year. Similarly, operating income was $1.6 million for an operating margin of 3.6%, an improvement from $0.05 million and 0.1%, respectively, in Q1 2022. The increase year over year is due to optimization of our pricing strategy enabled by advanced technological applications developed internally.
- Logistics segment revenue was $56.2 million for Q1 2023, an 36.0% decrease over the $87.9 million in the same period in 2022. Our U.S. freight brokerage division contributed revenue of $32.2 million in Q1 2023. Operating income was $4.6 million, representing an 9.3% operating margin for the quarter. This compares to Q1 2022 operating income of $9.2 million and an 11.5% operating margin. Unfavorable market conditions in transactional freight demand was the main factor for the decrease.
- Expanded U.S. freight brokerage operations into Fayetteville, Arkansas in the quarter.

Revenue by Industry

Manufactured goods	27.3%
Food & Beverages	22.9%
Retail	12.8%
Services	8.6%
Metals & Mining	7.6%
Automotive	6.0%
Logistics/Trucking	5.7%
Recycling	4.8%
Other	4.3%

Based on Q1 2023 revenue

[1] Refer to "Results of Operations" on page 3 and "Non-IFRS Financial Measures" on page 13 for more information about EBITDA and for a reconciliation of EBITDA to net income.

RESULTS OF OPERATIONS

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

	3 months ended March 31 2023	3 months ended March 31 2022
Revenue	91,093	121,041
Fuel surcharge	15,229	14,946
	106,322	135,987
Operating expenses	93,746	122,070
EBITDA(1)	12,576	13,917
EBITDA margin(1)	13.8 %	11.5 %
Depreciation	6,967	5,444
Amortization of customer lists	327	327
Operating income(1)	5,282	8,146
Operating margin(1)	5.8 %	6.7 %
Gain on sale of property and equipment	(1,559)	(845)
Finance costs	1,658	918
Finance income	(108)	(51)
Foreign exchange (gain) loss	248	(25)
Income tax expense	1,455	2,180
Net income and comprehensive income attributable to owners of the Company	3,588	5,969
Net income per share - basic	0.08	0.14
Net income per share - diluted	0.08	0.13

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

EXECUTIVE SUMMARY

Titanium started 2023 with another solid, profitable quarter.

Through the latter half of 2022, the North American freight sector began to experience softening market conditions in large part reflecting the impact of increased interest rates intended to reduce inflationary pressures, which in turn led to the deceleration of economic activity, and therefore lower freight volumes, compared to the heady levels that prevailed during the post-pandemic recovery period.

For the first quarter of 2023, this market trend continued, causing significant downward pressure on freight rates. The pressure was augmented with a sudden drop in fuel pricing which impacted fuel surcharge rates. While operating costs are still facing inflationary pressures, the drop in fuel cost helped ease the cost of operating in the transportation industry.

While we do not expect similar results compared to 2022, where freight demand was at peak levels, we are confident that with our best-in-class customer and supplier solutions, *Titanium Fusion*, and our team of freight transportation experts, we expect to maintain strong levels of profitability this year as we weather the economic challenges being faced by companies across North America.

For our Truck Transportation segment, we were able to utilize our technology-driven applications to optimize our pricing strategy, which resulted in a year over year increase in segmented revenue. As the strategic initiatives were implemented in Q2 2022, we do not expect the growth trend to continue into the remainder of the year. However, we expect to continue to control our operating costs to maintain high levels of profitability in this segment.

While our asset-based segment was not significantly impacted by the economic conditions this quarter, our Logistics segment, which tends to be more sensitive to market conditions, faced substantial pricing pressure and expected demand normalization. Freight volume decreases accounted for about 9.8% of the 36% decrease in revenue for the segment. Quality of revenue also decreased from 12.2% to 9.3%. We do not expect the quality of revenue to return to the elevated levels of early 2022 for some time yet, but the segment is diligently maintaining the same level of profitability in a highly elastic and sensitive market.

For the remainder of 2023, it is likely that the North American economy will continue to face strong headwinds caused by the previously mentioned interest rate environment, continued inflation, and supply chain challenges, among other geopolitical and economical factors. These conditions will undoubtedly cause turmoil within the transportation industry as well. Titanium is well-positioned to not only navigate our core business through these challenges, but we expect to capitalize on potential accretive opportunities should they arise. Investment in our proprietary technology and our people allow us to approach difficult times with cautious optimism. Furthermore, our solid capital position allowed us to execute on our NCIB and bought back 72,275 shares during the quarter as we continue to evaluate our potential opportunities.

Following our record success in 2022, Titanium continues to build on its strong foundation in technology and people. 2023 may not be a year of rapid growth but we expect to be practical in our operations and continue with our efforts to deliver sustainable, long-term growth to our shareholders through prudent capital allocation. Our view for 2023 has not changed, and we maintain our guidance of $500 to $520 million in consolidated revenue and an EBITDA margin of 9.5% to 11.5%.

Selected Segmented Financial Information (unaudited)
(in '000 Canadian dollars)

	3 months ended March 31 2023	3 months ended March 31 2022
Truck Transportation		
Revenue	42,841	42,608
Fuel surcharge	8,721	6,732
	51,562	49,340
Operating expenses		
Carriers and independent contractors	15,358	14,865
Vehicle operating	13,910	15,373
Wages and casual labour	12,016	11,904
Other operating	1,596	1,501
	42,880	43,643
EBITDA(1)	8,682	5,697
EBITDA margin(1)	20.3 %	13.4 %
Depreciation	6,800	5,325
Amortization of customer lists	327	327
Operating income (loss)(1)	1,555	45
Operating margin(1)	3.6 %	0.1 %
Gain on sale of property and equipment	(1,559)	(845)
Finance costs	1,400	825
Finance income	(76)	(51)
Transaction costs	-	-
Income tax expense	612	57
Net income	1,178	59

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

Selected Segmented Financial Information (unaudited)**, continued**
(in '000 Canadian dollars)

	3 months ended March 31 2023	**3 months ended March 31 2022**
Logistics		
Revenue	49,741	79,704
Fuel surcharge	6,508	8,213
	56,249	87,917
Operating expenses		
Carriers and independent contractors	45,496	72,082
Wages and casual labour	5,153	5,688
Other operating	996	993
	51,645	78,763
EBITDA/ Operating income(1)	4,604	9,154
EBITDA/ Operating margin(1)	9.3 %	11.5 %
Depreciation(2)	167	119
Finance costs(2)	258	93
Income tax expense	1,076	2,352
Net income	3,103	6,590

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

Revenue (unaudited)
(in '000 Canadian dollars)

	3 months ended March 31 2023	3 months ended March 31 2022
Truck Transportation		
Revenue	42,841	42,608
Fuel surcharge	8,721	6,732
	51,562	49,340
Logistics		
Revenue	49,741	79,704
Fuel surcharge	6,508	8,213
	56,249	87,917

For the three month period ended March 31, 2023, the Company's consolidated revenues decreased by $29.7 million or 21.8%, compared to the three month period ended March 31, 2022. The decrease in revenue reflected softening market conditions.

The Truck Transportation segment experienced an increase in revenue of $2.2 million or 4.5%, for the three month period ended March 31, 2023 when compared to that of 2022. Contrary to the market conditions, revenue for this segment grew due to our pricing strategy optimization made possible with the use of our advanced, real-time business intelligence. As the optimization near the end of Q1 2022 and into Q2 2022, we do not expect this growth trend to sustain through the rest of the year. The improvement in pricing is offset by volume decrease of approximately 7.9% due to market conditions.

The Logistics segment saw a decrease in revenue of $31.7 million or 36.0% for the three month period ended March 31, 2023, when compared to the same period in 2022. Revenue decrease in the segment is consistent with the dampening of market demand, which put significant pressure on transactional pricing and demand.

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

	3 months ended March 31 2023	3 months ended March 31 2022
Truck Transportation		
Revenue	51,562	49,340
Operating expenses	42,880	43,643
EBITDA(1)	8,682	5,697
EBITDA margin(1)	20.3 %	13.4 %
Depreciation and amortization	7,127	5,652
Operating income(1)	1,555	45
Operating margin(1)	3.6 %	0.1 %
Logistics		
Revenue	56,249	87,917
Operating expenses	51,645	78,763
EBITDA/ Operating income(1)	4,604	9,154
EBITDA/ Operating margin(1)	9.3 %	11.5 %
Corporate		
Operating expenses	710	934

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

For the Truck Transportation segment, operating expenses decreased by $0.8 million or 1.7%, for the three month period ended March 31, 2023, compared to the same period in 2022. The decrease can be largely attributed to a decrease in volume due to market conditions, offset by inflationary increases to operating costs such as fleet maintenance and labour. Operating income for the segment was $1.6 million, and an operating margin of 3.6%, a 3.5% percentage point increase in operating margin for the three month period ended March 31, 2023. The improvement in profitability reflected the optimization of the segment's pricing strategy and cost control measures to mitigate the inflationary increases in operating costs.

For the Logistics segment, operating expenses decreased by $27.1 million or 34.4% for the three month period ended March 31, 2023. The decrease in operating expenses is a reflection of the change in market conditions, which put substantial pressure on transactional freight rates. Operating income and operating margins declined to $4.6 million from $9.2 million, and 9.3% from 11.5%, respectively, when compared to the three months ended March 31, 2022. This decrease is in line with the drop in segment revenue.

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:

	Q1'23	Q4'22	Q3'22	Q2'22	Q1'22	Q4'21	Q3'21	Q2'21
Revenue	106,322	110,849	113,356	136,183	135,986	111,283	101,688	100,798
EBITDA(1)	12,576	14,912	15,524	16,335	13,917	8,783	7,239	7,744
EBITDA margin(1)	13.8 %	15.9 %	16.0 %	14.0 %	11.5 %	8.7 %	7.8 %	8.4 %
Operating income(1)	5,282	6,619	8,267	10,131	8,146	2,942	1,709	2,671
Operating margin(1)	5.8 %	7.1 %	8.5 %	8.7 %	6.7 %	2.9 %	1.8 %	2.9 %
Net income and comprehensive income attributable to the owners of the Company	3,588	4,800	6,537	7,577	5,969	1,573	1,354	938
Per share - basic	0.08	0.11	0.15	0.17	0.14	0.04	0.03	0.02
Per share - diluted	0.08	0.11	0.14	0.17	0.13	0.04	0.03	0.02

(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, which put further upward pressure on operating costs. The pressure from increased operating costs, combined with tight capacity, created the conditions for 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. This trend continued into early parts of 2023 and dampened the North American economy further.

In addition, there has historically been an increase in revenue and a decrease in margins in quarters following an acquisition. Revenues have often decreased, stabilized, and then increased while EBITDA margins have increased in quarters after a business acquisition. 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 historical trend as we rebranded the fleet under the Titanium banner. Margins and EBITDA steadily recovered since Q4 2021, where virtually all integration of the acquisition had completed. In contrast, the BSC acquisition did not demonstrate the same impact to the Truck Transportation segment as the integration was absorbed by the improvements in margin as a result of favourable market conditions.

LIQUIDITY AND CAPITAL RESOURCES
(in '000 Canadian dollars)

	March 31 2023	December 31 2022
Working capital(1)	34,600	31,469
Total assets	288,722	281,142
Net debt(2)	104,358	91,288
Shareholders' equity	101,137	98,220
Net debt to equity ratio(3)	1.03	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 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.

On a quarter-over-quarter basis, our net debt to equity ratio increased slightly from 0.93 in Q4 2022 to 1.03 in Q1 2023. We continued our successful capital management strategy from prior years and held net debt to equity nearly constant despite significant rolling stock purchases financed by long term debt.

In terms of rolling stock expenditures, we have committed $30.4 million towards the purchase of 25 new power units and 350 trailers over the next year. Of this amount, $4.4 million will be allocated to the purchase of 25 new power units to expand our current fleet. In addition, we expect to realize proceeds from the sale of excess aged equipment of approximately $3.5 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	100,143	22,664	22,250	22,410	20,042	10,054	2,723
Finance leases	21,379	4,260	3,718	2,721	2,204	1,971	6,505
	121,522	26,924	25,968	25,131	22,246	12,025	9,228

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 was unused as of March 31, 2023 include approximately $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 $22.0 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 March 31, 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, 515,737 have not yet vested.

On December 23, 2022, the Company renewed its normal course issuer bid, allowing the Company to purchase up to 2,242,765 of its common shares (the "NCIB"), representing 5% of its issued and outstanding common shares.

For the quarter ended March 31, 2023, the Company repurchased 72,275 (2022 - NIL) common shares at a weighted average price of $2.56 and a total purchase price of $185,080. The excess of the purchase price paid over the carrying value of the shares repurchased, totaled $69,127 and was charged to retained earnings as a share repurchase premium.

As of May 15, 2023, there are 45,083,077 common shares of the Company outstanding. In addition, there are 2,858,700 stock options outstanding, of which 1,456,700 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 $3.9 million for the three month period ended March 31, 2023 (2022 - $4.0 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 $500 million to $520 million and between EBITDA Margins of 9.5% to 11.5%.

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.

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 March 31, 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 March 31, 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 March 31, 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, 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 12, Income Taxes

The following new standards and amendments to standards are not yet effective for the quarter ended March 31, 2023 and have not been applied in preparing the consolidated interim financial statements:

IAS 1, Presentation of Financial Statements

YEAR 2023

Titanium Transportation Group Inc.

Unaudited Condensed Consolidated Interim Financial Statements

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2023

Titanium Transportation Group Inc.

Notice To Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice to this effect. The accompanying unaudited interim condensed consolidated financial statements of Titanium Transportation Group Inc. have been prepared by, and are the responsibility of, management of Titanium Transportation Group Inc..

Titanium Transportation Group Inc.'s independent auditor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the accompanying interim condensed consolidated financial statements. Readers are cautioned that these financial statements may not be appropriate for their intended purposes.

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Financial Position

(in '000 Canadian dollars) (unaudited)

	March 31 2023	December 31 2022
Assets		
Current		
Cash	27,632	34,892
Short term deposits	15,000	-
Trade and other receivables (note 13)	62,520	71,209
Current taxes recoverable	182	15
Finance lease receivables (note 5, 12)	1,512	1,386
Prepaid expenses and deposits	4,096	3,419
	110,942	110,921
Finance lease receivables (note 5, 12)	3,355	2,751
Property and equipment (note 6)	140,546	131,586
Right of use assets (note 7)	23,897	25,683
Deferred tax assets	592	484
Customer lists (note 8)	5,055	5,382
Goodwill (note 8)	4,335	4,335
	288,722	281,142
Liabilities		
Current		
Bank indebtedness (note 9, 12)	9,835	11,078
Trade and other payables	39,583	37,114
Current taxes payable	-	4,975
Loans payable (note 9, 12)	22,664	21,309
Finance lease liabilities (note 9, 12, 13)	4,260	4,976
	76,342	79,452
Loans payable (note 9, 12)	77,479	68,732
Finance lease liabilities (note 9, 12, 13)	17,119	18,097
Acquisition loan	5,500	6,125
Deferred tax liabilities	11,145	10,516
	187,585	182,922
Commitments and contingencies (note 15)		
Shareholders' Equity		
Share capital (note 10)	51,175	51,005
Contributed surplus (note 11)	9,347	9,215
Retained earnings	40,615	38,000
	101,137	98,220
	288,722	281,142

On behalf of the Board

"Ted Daniel"
Director

"Bill Chyfetz"
Director

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Comprehensive Income

Three months ended March 31, 2023 and 2022

(in '000 Canadian dollars, except per share amounts) (unaudited)

	3 months ended March 31 2023	**3 months ended March 31 2022**
Revenue (note 13)	91,093	121,041
Fuel surcharge	15,229	14,946
	106,322	135,987
Operating expenses		
Carriers and independent contractors	59,364	85,677
Vehicle operating	13,910	15,373
Wages and casual labour (note 14)	17,568	18,025
Other operating	2,904	2,995
	93,746	122,070
Income before the following	12,576	13,917
Depreciation (note 6, 7)	6,967	5,444
Gain on sale of property and equipment	(1,559)	(845)
Finance costs (note 13)	1,658	918
Finance income	(108)	(51)
Foreign exchange loss (gain)	248	(25)
Amortization of customer lists (note 8)	327	327
	7,533	5,768
Income before income taxes	5,043	8,149
Income tax expense	1,455	2,180
Net income and comprehensive income attributable to owners of the Company	3,588	5,969
Earnings per share:		
Basic	0.08	0.14
Diluted	0.08	0.13
Weighted average number of shares outstanding:		
Basic (note 10)	44,659,698	43,833,699
Diluted (note 10)	45,762,397	45,055,317

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Changes in Equity

Three months ended March 31, 2023 and 2022

(in '000 Canadian dollars) (unaudited)

	Share Capital	Contributed Surplus	Retained Earnings	Total
Balances at December 31, 2022	51,005	9,215	38,000	98,220
Share issuance (note 10)	208	-	-	208
Share vested (note 10)	78	(78)	-	-
Share-based compensation expense (note 11, 14)	-	210	-	210
Share cancellation (note 10)	(116)	-	(69)	(185)
Dividends paid (note 10)	-	-	(904)	(904)
Net income and comprehensive income	-	-	3,588	3,588
Balances at March 31, 2023	51,175	9,347	40,615	101,137
Balances at December 31, 2021	48,204	8,812	16,698	73,714
Share issuance (note 10)	1,644			1,644
Shares vested (note 10)	73	(73)	-	-
Options exercised (note 11)	24	(9)	-	15
Share-based compensation expense (note 11)	-	213	-	213
Dividends paid (note 10)	-	-	(889)	(889)
Net income and comprehensive income	-	-	5,969	5,969
Balances at March 31, 2022	49,945	8,943	21,778	80,666

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Cash Flows

Three months ended March 31, 2023 and 2022

(in '000 Canadian dollars) (unaudited)

	3 months ended March 31 2023	3 months ended March 31 2022
Cash flows from operating activities		
Net income	3,588	5,969
Adjustments:		
Depreciation (note 6, 7)	6,967	5,444
Gain on sale of property and equipment	(1,559)	(845)
Finance costs	1,658	918
Finance income	(108)	(51)
Amortization of customer lists (note 8)	327	327
Share-based compensation expense (note 11)	210	213
Income tax expense	504	2,180
	11,587	14,155
Net change in non-cash operating working capital	11,366	(9,106)
	22,953	5,049
Interest paid	(1,649)	(933)
Interest received	108	51
Income taxes paid	(6,076)	(1,223)
	15,336	2,944
Cash flows from investing activities		
Proceeds from finance lease receivables (note 12)	398	670
Deposit to short term deposits	(15,000)	-
Acquisition of property and equipment (note 6)	(19,220)	(122)
Disposition of property and equipment (note 6)	5,511	4,151
	(28,311)	4,699
Cash flows from financing activities		
Repayment of bank indebtedness (note 12)	(1,251)	(1,874)
Repayment of acquisition loans (note 12)	(625)	-
Repayment of loans payable (note 12)	(6,823)	(4,219)
Proceeds from loans payable (note 12)	16,985	-
Repayment of finance lease liabilities (note 12)	(1,689)	(4,666)
Dividends paid (note 10)	(904)	(889)
Issuance of shares (note 10)	91	159
Share repurchase (note 10)	(69)	-
	5,715	(11,489)
Increase (decrease) in cash	(7,260)	(3,846)
Cash, beginning	34,892	18,046
Cash, ending	27,632	14,200

Refer to note 12 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 in Bolton, Bracebridge, Napanee, North Bay, Windsor, Belleville, Cornwall, and Brantford, ON, with additional parking/switch yards in Sudbury, Brockville and Trenton, ON and freight brokerage offices in Windsor, ON, Montreal, QC, Charlotte, NC, Nashville, TN, Chicago, IL, Denver, CO, Atlanta, GA and Fayetteville, AR. 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 Toronto Stock Exchange under the symbol "TTNM", and the OTCQX under the symbol "TTNMF".

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

2. BASIS OF PRESENTATION

Basis of Consolidation

The condensed consolidated interim financial statements consolidate the accounts of the Company and all of its subsidiaries. Subsidiaries are entities over which the Company has the power to govern financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date control ceases. Fully consolidated means that all transactions with subsidiaries and any intercompany balances, gains or losses with subsidiaries have been eliminated on consolidation. The accounting policies have been applied consistently by all subsidiaries.

All of the Company's subsidiaries are wholly-owned, are domiciled in Canada and the United States, and are in the truck transportation or logistics industries.

The acquisition method of accounting is used to account for business combinations. The cost of an acquisition is measured at the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition costs are expensed as incurred. The excess of the cost of the acquisition over the fair value of the acquisition's identifiable net assets is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets acquired, the difference is recognized directly in the consolidated statements of comprehensive income. Contingent consideration is included in total consideration and is recognized at its fair value as at the acquisition date.

2. BASIS OF PRESENTATION - continued

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, 2022.

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 May 15, 2023.

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.

Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in Canadian dollars ("CAD"), which is the functional currency of the Company and its wholly owned subsidiaries unless otherwise stated. All financial information presented has been rounded to the nearest thousands of 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 ("USD").

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.

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 assets or the cash-generating unit ("CGU") 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 (CGU). The Company must determine its CGU units grouping for the purpose of goodwill impairment testing. These CGU's consist of the Companies operating units: trucking and logistics.

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) *Lease contracts* – Lease contracts with extensions, terminations or early buyout options are evaluated based on management judgement on whether it is reasonably certain that the option will be exercised. Management considers all relevant factors and economic incentives such as current market values of underlying asset, recent market renewals and third party valuations. In addition, management also evaluate relevant factors such as bank mortgage rate, interest rates and borrowing conditions when assessing the incremental borrowing rate to measure the lease liability.

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. Actual results could differ materially from these estimates, in which case the impact would be recognized in the consolidated financial statements in future periods.

a) *Impairment of indefinite life intangible assets* – An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The determination of value in use requires the estimation and discounting of expected future cash flows which involves key estimates related to future growth rates, terminal growth rate, post-tax discount rate.

b) *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.

c) *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.

d) *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.

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

f) *Income Taxes* **–** Deferred 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

New Standards Adopted

IAS 12, Income Taxes, was amended in May 2021 which clarified the issues surrounding *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* by IASB. The IASB specified that the initial recognition exemption does not apply to transactions in which equal amounts of deferred tax assets and liabilities arise on the initial recognition. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The adoption of this interpretation did not have a material impact on the condensed consolidated interim financial statements.

New Standard not yet adopted

IAS 1, Presentation of Financial Statements, was amended in January 2020. The IASB clarified the classification of liabilities as current or non-current by removing the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must exist at the end of the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Company has not early adopted these amendments.

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.

(Tabular amounts in '000 Canadian dollars, unless otherwise noted) (unaudited)

4. OPERATING SEGMENTS - continued

	Truck Transportation	Logistics	Corporate	Elimination	Total
Three months ended March 31, 2023					
Revenue - external	50,073	56,249	-	-	106,322
Revenue - internal	1,489	-	-	(1,489)	-
Total revenue	51,562	56,249	-	(1,489)	106,322
Depreciation	6,800	167	-	-	6,967
Finance costs	1,400	258	-	-	1,658
Finance income	(76)	-	(32)	-	(108)
Income (loss) before income taxes	1,790	4,180	(927)	-	5,043
Income taxes (recoveries)	612	1,076	(233)	-	1,455
Capital expenditures	19,155	65	-	-	19,220

	Truck Transportation	Logistics	Corporate	Elimination	Total
Three months ended March 31, 2022					
Revenue - external	48,070	87,917	-	-	135,987
Revenue - internal	1,270	-	-	(1,270)	-
Total revenue	49,340	87,917	-	(1,270)	135,987
Depreciation	5,325	119	-	-	5,444
Finance costs	825	93	-	-	918
Finance income	(51)	-	-	-	(51)
Income (loss) before income taxes	116	8,942	(909)	-	8,149
Income taxes (recoveries)	57	2,352	(229)	-	2,180
Capital expenditures	11,471	485	-	-	11,956

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

	2023	2022
Canada	50,211	56,887
United States	56,111	79,100
	106,322	135,987

(Tabular amounts in '000 Canadian dollars, unless otherwise noted) (unaudited)

5. FINANCE LEASE RECEIVABLES

During the three month period ended March 31, 2023, the Company entered into new finance leases totaling $1.4 million, which are receivable over 24 to 72 months with interest rates ranging from 4.25% to 8.00%.

6. PROPERTY AND EQUIPMENT

	Land, Buildings and Leaseholds	Furniture and Equipment	Rolling Stock	Total
Cost				
Balances, December 31, 2022	23,572	3,700	148,935	176,207
Other additions	91	65	19,064	19,220
Reacquisition - rolling stock	-	-	139	139
Sale of rolling stock relating to finance lease receivables	-	-	(1,225)	(1,225)
Other disposals	-	-	(7,455)	(7,455)
Balances, March 31, 2023	23,663	3,765	159,458	186,886
Accumulated depreciation				
Balances, December 31, 2022	3,506	3,427	37,688	44,621
Depreciation	180	61	5,727	5,968
Other disposals	-	-	(4,189)	(4,189)
Sale of rolling stock relating to finance lease receivables	-	-	(60)	(60)
Balances, March 31, 2023	3,686	3,488	39,166	46,340
Net carrying amounts				
At December 31, 2022	20,066	273	111,247	131,586
At March 31, 2023	19,977	277	120,292	140,546

(Tabular amounts in '000 Canadian dollars, unless otherwise noted) (unaudited)

7. RIGHT OF USE ASSETS

	Land and Buildings	Furniture and Equipment	Rolling Stock	Total
Cost				
Balances, December 31, 2022	19,293	1,532	13,950	34,775
Other disposals	-	-	(1,424)	(1,424)
Balances, March 31, 2023	19,293	1,532	12,526	33,351
Accumulated depreciation				
Balances, December 31, 2022	4,266	1,532	3,294	9,092
Depreciation	551	-	446	997
Other disposals	-	-	(635)	(635)
Balances, March 31, 2023	4,817	1,532	3,105	9,454
Net carrying amounts				
At December 31, 2022	15,027	-	10,656	25,683
At March 31, 2023	14,476	-	9,421	23,897

8. GOODWILL AND INTANGIBLES

	Goodwill	Customer Lists	Total
Balances, December 31, 2022	4,335	5,382	9,717
Amortization	-	(327)	(327)
Balances, March 31, 2023	4,335	5,055	9,390

(Tabular amounts in '000 Canadian dollars, unless otherwise noted) (unaudited)

9. 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	9,835
Acquisition loan	PRIME+0.50%	2024	5,500
Loans payable	2.00% - 7.25%	2023-2031	100,143
Finance lease liabilities	0.99% - 10.32%	2023-2027	21,379
			136,857
Current portion			36,759
			100,098

10. SHARE CAPITAL

Authorized

Unlimited number of common shares with no par value

	Common Shares #	Share Capital $
Issued		
Balances, December 31, 2022	45,122,621	51,005
Share repurchase and cancelled	(72,275)	(116)
Shares issued as part of share purchase plan	158,115	286
Balances, March 31, 2023	45,208,461	51,175

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, 515,737 (December 31, 2022 - 495,947) have not vested. During the three month period ended March 31, 2023, the Company recognized an expense of $0.2 million (2022 - $0.1 million) relating to the Plan, with a corresponding increase to contributed surplus.

(Tabular amounts in '000 Canadian dollars, unless otherwise noted) (unaudited)

10. SHARE CAPITAL - continued

On December 23, 2022, the Company renewed its normal course issuer bid, allowing the Company to purchase up to 2,242,765 of its common shares (the "NCIB"), representing 5% of its issued and outstanding common shares.

For the quarter ended March 31, 2023, the Company repurchased 72,275 (2022 - nil) common shares at a weighted average price of $2.56 and a total purchase price of $185,080. The excess of the purchase price paid over the carrying value of the shares repurchased, totaled $69,127 and was charged to retained earnings as a share repurchase premium.

During the quarter ended March 31, 2023, dividends of $0.9 million or $0.02 per common share (2022 - $0.9 million) were declared and paid by the Company to its shareholders.

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

	3 months ended March 31 2023	**3 months ended March 31 2022**
Issued common shares, beginning	45,122,621	44,037,513
Effect of unvested common shares	(505,842)	(462,700)
Effect of issued common shares	79,057	258,886
Effect of repurchased common shares	(36,138)	-
Weighted average number of common shares	44,659,698	43,833,699
Dilutive effect of restricted stock options	1,102,699	1,221,618
Weighted average number of diluted common shares	45,762,397	45,055,317

11. CONTRIBUTED SURPLUS

Share-based compensation expense is comprised of the following:

	3 months ended March 31 2023	**3 months ended March 31 2022**
Share purchase plan	158	144
Stock options	52	69
	210	213

(Tabular amounts in '000 Canadian dollars, unless otherwise noted) (unaudited)

11. CONTRIBUTED SURPLUS - continued

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 10% 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, 2022	2,207,600	1.99
Issued	664,400	2.25
Exercised	(3,300)	1.50
Forfeited	(10,000)	2.60
Balances, March 31, 2023	2,858,700	2.05

Of the total stock options issued during the period, 260,000 (2022 - 65,000) 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 2.79% and 3.22%; iii) the dividend yield will be 3.48%; and iv) expected volatility is 56.11%. 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 March 31, 2023:

Exercise Price $	Options Outstanding #	Weighted Average Remaining Life in years	Options Exercisable #
1.50	1,270,500	3.8	1,157,000
2.25	664,400	9.8	-
2.60	713,800	7.8	104,700
2.85	195,000	2.9	195,000
3.00	15,000	8.3	-
2.05	2,858,700	6.2	1,456,700

(Tabular amounts in '000 Canadian dollars, unless otherwise noted) (unaudited)

12. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Balance Dec 31 2022	Cash Flows	Non-Cash Changes: New Leases	Non-Cash Changes: Reacquired Leases	Balance March 31 2023
Finance lease receivables	4,137	(398)	1,443	(315)	4,867

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

	Balance Dec 31 2022	Cash Flows	Non-Cash Changes: New Leases /Loans	Non-Cash Changes: Foreign Exchange Movement	Balance March 31 2023
Bank indebtedness	11,078	(1,251)	-	8	9,835
Acquisition loan	6,125	(625)	-	-	5,500
Loan payable	90,041	10,162	-	(60)	100,143
Finance lease liabilities	23,073	(1,689)	-	(5)	21,379
	130,317	6,597	-	(57)	136,857

13. RELATED PARTY TRANSACTIONS

During the three month periods, 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.

	2023	2022
Provided truck transportation services to Vision Extrusions Group Limited, Vision Profile Extrusions Ltd. and Sunview Patio Doors Ltd., companies under common control	3,851	3,983
	3,851	3,983

Included in trade and other receivables as at March 31, 2023 is a total of $2.3 million (2022 - $2.5 million) due from these related companies.

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.

(Tabular amounts in '000 Canadian dollars, unless otherwise noted) (unaudited)

14. WAGES AND CASUAL LABOUR

Included in wages and casual labour are the following:

	2023	2022
Share-based compensation expense (note 11)	210	213
Employee benefits	285	317
Key management personnel:		
Salaries and benefits	394	377
Share-based compensation expense (note 11)	46	35

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

15. COMMITMENTS AND CONTINGENCIES

a) As at March 31, 2023, the Company was committed to the purchase of $30.4 million in rolling stock.

b) The Company has a letter of credit outstanding for $0.7 million in favour of Colonnade BridgePort ITF 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.