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**Unaudited Condensed Consolidated
Interim Financial Statements
FOR THE THREE MONTH PERIOD ENDED
June 30, 2025**

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)

	June 30	December 31
	2025	2024
Assets		
Current		
Cash	16,391	4,317
Trade and other receivables	70,378	72,732
Current taxes recoverable	1,300	175
Finance lease receivables (note 6)	2,752	2,234
Prepaid expenses and deposits	4,752	3,663
Assets held for sale	1,942	1,942
	<u>97,515</u>	<u>85,063</u>
Finance lease receivables (note 6)	3,027	3,841
Property and equipment (note 8)	172,761	188,560
Right of use assets (note 9)	13,592	19,510
Deferred tax assets	2,955	2,952
	<u>289,850</u>	<u>299,926</u>
Liabilities		
Current		
Bank indebtedness (note 10, 13)	25,922	20,230
Acquisition loan (note 10)	-	1,125
Trade and other payables	48,590	39,793
Current taxes payable	-	12
Loans payable (note 10)	32,329	33,564
Finance lease liabilities (note 10)	6,291	5,940
	<u>113,132</u>	<u>100,664</u>
Loans payable (note 10)	78,398	96,565
Finance lease liabilities (note 10)	11,880	14,833
Deferred tax liabilities	7,553	7,955
	<u>210,963</u>	<u>220,017</u>
<i>Commitments and contingencies (note 17)</i>		
Shareholders' Equity		
Share capital (note 11)	53,637	51,755
Contributed surplus (note 12)	10,303	10,434
Accumulated other comprehensive income	1,406	1,811
Retained earnings	13,541	15,909
	<u>78,887</u>	<u>79,909</u>
	<u>289,850</u>	<u>299,926</u>

On behalf of the Board

"Ted Daniel"

Director

"Bill Chyfetz"

Director

See accompanying notes

2.

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Income

Six months ended June 30, 2025 and 2024

(in '000 Canadian dollars, except for share amounts)

(unaudited)

	3 months ended June 30 2025	3 months ended June 30 2024	6 months ended June 30 2025	6 months ended June 30 2024
Revenue	106,697	101,234	214,559	200,305
Fuel surcharge	12,426	13,851	25,969	27,701
	<u>119,123</u>	<u>115,085</u>	<u>240,528</u>	<u>228,006</u>
Operating expenses				
Carriers and independent contractors	75,841	66,099	152,611	130,525
Vehicle operating	11,299	14,519	24,592	28,037
Wages and casual labour (note 15)	18,115	20,701	37,004	42,250
Other operating	3,903	3,548	7,560	7,292
	<u>109,158</u>	<u>104,867</u>	<u>221,767</u>	<u>208,104</u>
Income before the following	<u>9,965</u>	<u>10,218</u>	<u>18,761</u>	<u>19,902</u>
Depreciation (note 8, 9)	6,327	8,395	13,643	17,012
Loss (gain) on sale of property and equipment	(10)	(1,499)	3,571	(2,892)
Finance costs	2,583	3,223	5,282	6,902
Finance income	(84)	(97)	(183)	(199)
Foreign exchange loss (gain)	(633)	511	(831)	1,779
Amortization of customer lists	-	448	-	915
	<u>8,183</u>	<u>10,981</u>	<u>21,482</u>	<u>23,517</u>
Income (loss) before income taxes	<u>1,782</u>	<u>(763)</u>	<u>(2,721)</u>	<u>(3,615)</u>
Income tax expense (recovery)	<u>763</u>	<u>(650)</u>	<u>(353)</u>	<u>(1,926)</u>
Income (loss) from continuing operations	<u>1,019</u>	<u>(113)</u>	<u>(2,368)</u>	<u>(1,689)</u>
Income (loss) from discontinued operations	<u>-</u>	<u>(2,216)</u>	<u>-</u>	<u>40</u>
Net income (loss)	<u>1,019</u>	<u>(2,329)</u>	<u>(2,368)</u>	<u>(1,649)</u>
Earnings (loss) per share:				
Basic	0.02	(0.05)	(0.05)	(0.04)
Diluted	0.02	(0.05)	(0.05)	(0.04)
Earnings (loss) per share from continuing operations:				
Basic	0.02	(0.00)	(0.05)	(0.04)
Diluted	0.02	(0.00)	(0.05)	(0.04)
Weighted average number of shares outstanding (in number of shares):				
Basic (note 11)	45,057,453	44,226,732	44,980,210	44,247,792
Diluted (note 11)	45,989,778	45,376,627	45,941,648	45,427,616

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Comprehensive Income

Six months ended June 30, 2025 and 2024

(in '000 Canadian dollars)

(unaudited)

	3 months ended June 30 2025	3 months ended June 30 2024	6 months ended June 30 2025	6 months ended June 30 2024
Net income (loss)	1,019	(2,329)	(2,368)	(1,649)
Other comprehensive income (loss)				
Foreign currency translation	(386)	540	(405)	1,808
Comprehensive income (loss)	633	(1,789)	(2,773)	159

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Changes in Equity

Six months ended June 30, 2025 and 2024

(in '000 Canadian dollars)

(unaudited)

	Share Contributed Capital	Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balances at December 31, 2024	51,755	10,434	15,909	1,811	79,909
Share issuance (note 11)	367	-	-	-	367
Shares vested (note 11)	269	(269)	-	-	-
Options exercised (note 12)	1,246	(481)	-	-	765
Share-based compensation expense (note 12, 15)	-	619	-	-	619
Net income / comprehensive income	-	-	(2,368)	(405)	(2,773)
Balances at June 30, 2025	53,637	10,303	13,541	1,406	78,887
Balances at December 31, 2023	50,675	9,832	43,652	390	104,549
Share issuance (note 11)	421	-	-	-	421
Shares vested (note 11)	211	(211)	-	-	-
Options exercised (note 12)	11	(3)	-	-	8
Share-based compensation expense (note 12, 15)	-	543	-	-	543
Share cancellation (note 11)	(231)	-	(138)	-	(369)
Dividends paid (note 11)	-	-	(1,789)	-	(1,789)
Net income / comprehensive income	-	-	(1,649)	1,808	159
Balances at June 30, 2024	51,087	10,161	40,076	2,198	103,522

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Cash Flows

(in '000 Canadian dollars)

(unaudited)

	3 months ended June 30 2025	3 months ended June 30 2024	6 months ended June 30 2025	6 months ended June 30 2024
Cash flows from operating activities				
Net income (loss)	1,019	(2,329)	(2,368)	(1,649)
Adjustments:				
Depreciation (note 8, 9)	6,327	8,395	13,643	17,012
Loss (gain) on sale of property and equipment	(10)	386	3,571	(4,300)
Finance costs	2,583	3,223	5,282	6,902
Finance income	(84)	(97)	(183)	(199)
Amortization of customer lists	-	448	-	915
Share-based compensation expense (note 12)	310	268	619	543
Income tax expense (recovery)	711	(886)	(404)	(1,471)
	<u>10,856</u>	<u>9,408</u>	<u>20,160</u>	<u>17,753</u>
Net change in non-cash operating working capital	406	9,065	9,792	12,038
	<u>11,262</u>	<u>18,473</u>	<u>29,952</u>	<u>29,791</u>
Interest paid	(2,630)	(3,249)	(5,352)	(6,854)
Interest received	84	97	183	199
Income taxes paid	(67)	(62)	(1,188)	(1,724)
	<u>8,649</u>	<u>15,259</u>	<u>23,595</u>	<u>21,412</u>
Cash flows from investing activities				
Proceeds from finance lease receivables (note 13)	712	577	1,478	1,139
Acquisition of property and equipment (note 8)	(94)	(4,095)	(1,046)	(11,314)
Disposition of property and equipment (note 8)	262	5,992	1,969	14,054
	<u>880</u>	<u>2,474</u>	<u>2,401</u>	<u>3,879</u>
Cash flows from financing activities				
Repayment of bank indebtedness (note 13)	(2,229)	(1,795)	4,840	(10,791)
Repayment of acquisition loans (note 13)	(500)	(625)	(1,125)	(1,250)
Proceeds from loans payable (note 13)	-	4,104	-	11,277
Repayment of loans payable (note 13)	(8,008)	(10,158)	(16,571)	(21,688)
Proceeds from finance lease liabilities (note 13)	-	-	952	-
Repayment of finance lease liabilities (note 13)	(1,637)	(2,043)	(3,153)	(3,899)
Dividends paid (note 11)	-	(896)	-	(1,789)
Issuance of shares (note 11)	948	225	1,135	429
Share repurchase (note 11)	-	-	-	(369)
	<u>(11,426)</u>	<u>(11,188)</u>	<u>(13,922)</u>	<u>(28,080)</u>
Increase (decrease) in cash	(1,897)	6,545	12,074	(2,789)
Cash, beginning	18,288	-	4,317	9,334
Cash, ending	<u>16,391</u>	<u>6,545</u>	<u>16,391</u>	<u>6,545</u>

Refer to note 13 for supplemental cash flow information.

Titanium Transportation Group Inc.

Notes to Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2025 and 2024

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

(unaudited)

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, Belleville, Bracebridge, Brantford, Napanee, Windsor, ON, Oakwood, GA and Falkville, AL with additional parking/switch yards in Sudbury, Brockville and Trenton, ON and freight brokerage offices in Bolton, Windsor, ON, Montreal, QC, Charlotte, NC, Nashville, TN, Chicago, IL, Denver, CO, Atlanta, GA, Fayetteville, AR, Jacksonville, FL, Virginia Beach, VA and Irving, TX. 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.

Trunkeast Investments Canada Limited ("Trunkeast") and the ultimate controlling shareholder, De Zen Investments Canada Limited, are significant shareholders of the Company.

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 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 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.

Titanium Transportation Group Inc.

Notes to Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2025 and 2024

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

(unaudited)

2. BASIS OF PRESENTATION - continued

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards, and with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"), ("IFRS"). These condensed consolidated interim financial statements do not include all 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, 2024.

These condensed consolidated interim financial statements have been prepared by and are the sole responsibility of the Company's management.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 11, 2025.

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 dollars, except per share amounts and where otherwise indicated.

The following subsidiaries operating primarily in the United States and have a functional currency of United States Dollar "USD": Titanium Transportation USA, Inc., Titanium American Logistics, Inc., Crane Transport, Inc., Titanium American Trucking, Inc., Flexmor Financial America, Inc. and Flexmor Trailers America, Inc.

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.

Titanium Transportation Group Inc.

Notes to Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2025 and 2024

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

(unaudited)

3. MATERIAL 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 is 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. 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 CGUs consist of the Company's operating units: trucking and logistics.
- b) *Lease contracts* – Lease contracts with extensions, terminations or early buyout options are evaluated based on management judgment 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.

Titanium Transportation Group Inc.

Notes to Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2025 and 2024

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

(unaudited)

3. MATERIAL 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 test of intangible assets and goodwill* – 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 revenue growth rates, terminal growth rate, post-tax discount rate and capital expenditures.
- b) *Business combinations* – Tangible net 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 determined using an income approach. The customer list was fair valued using the multi-period excess earnings method. The significant assumptions in determining the fair value of the customer list include cash flow forecasts, estimated annual attrition rates and discount rate. Discount rates are estimated based on industry averages, company size and capital structure.
- c) *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.
- d) *Depreciation and impairment of property and equipment and Right of Use Assets* – 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.
- e) *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.

Titanium Transportation Group Inc.

Notes to Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2025 and 2024

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

(unaudited)

3. MATERIAL ACCOUNTING POLICIES - continued

- f) *Provisions* – Estimates of expected settlements arising from matters involving litigation or accident claims are based on information provided by legal counsel or insurance professionals.
- g) *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.
- h) *Discontinued operations* – A discontinued operation is a component of the Company's activities that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

New Standards not yet adopted

IFRS 18, Presentation and Disclosure in Financial Statements, was issued by the IASB in April 2024 and will replace the standards and interpretations in IAS 1, Presentation of Financial Statements. IFRS 18 will streamline the requirements for the presentation and disclosure of information in general purpose financial statements to help ensure that they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 will be applied to an annual reporting period beginning on or after January 1, 2027. 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.

Titanium Transportation Group Inc.

Notes to Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2025 and 2024

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

(unaudited)

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 June 30, 2025					
Revenue - external	53,504	65,619	-	-	119,123
Revenue - internal	901	-	-	(901)	-
Total revenue	<u>54,405</u>	<u>65,619</u>	<u>-</u>	<u>(901)</u>	<u>119,123</u>
Depreciation	6,047	280	-	-	6,327
Finance costs	2,035	548	-	-	2,583
Finance income	(84)	-	-	-	(84)
Income (loss) before income taxes	(342)	2,350	(226)	-	1,782
Income taxes (recoveries)	454	352	(43)	-	763
Capital expenditures	<u>94</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94</u>
Three months ended June 30, 2024					
Revenue - external	58,918	56,167	-	-	115,085
Revenue - internal	532	-	-	(532)	-
Total revenue	<u>59,450</u>	<u>56,167</u>	<u>-</u>	<u>(532)</u>	<u>115,085</u>
Depreciation	8,137	258	-	-	8,395
Finance costs	2,913	310	-	-	3,223
Finance income	(97)	-	-	-	(97)
Income (loss) before income taxes	(1,941)	2,566	(1,388)	-	(763)
Income taxes (recoveries)	(1,108)	690	(367)	-	(785)
Capital expenditures	<u>4,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,095</u>

Titanium Transportation Group Inc.

Notes to Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2025 and 2024

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

(unaudited)

4. OPERATING SEGMENTS - continued

	Truck Transportation	Logistics	Corporate	Elimination	Total
Six months ended, June 30, 2025					
Revenue - external	108,808	131,720	-	-	240,528
Revenue - internal	1,684	-	-	(1,684)	-
Total revenue	110,492	131,720	-	(1,684)	240,528
Depreciation	13,041	602	-	-	13,643
Finance costs	4,366	916	-	-	5,282
Finance income	(183)	-	-	-	(183)
Income (loss) before income taxes	(6,587)	4,979	(1,113)	-	(2,721)
Income taxes (recoveries)	(1,420)	1,339	(272)	-	(353)
Capital expenditures	1,046	-	-	-	1,046
Six months ended, June 30, 2024					
Revenue - external	115,616	112,390	-	-	228,006
Revenue - internal	1,185	-	-	(1,185)	-
Total revenue	116,801	112,390	-	(1,185)	228,006
Depreciation	16,497	515	-	-	17,012
Finance costs	6,120	782	-	-	6,902
Finance income	(199)	-	-	-	(199)
Income (loss) before income taxes	(4,765)	4,907	(3,757)	-	(3,615)
Income taxes (recoveries)	(1,573)	1,325	(1,000)	-	(1,248)
Capital expenditures	11,314	-	-	-	11,314

Titanium Transportation Group Inc.

Notes to Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2025 and 2024

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

(unaudited)

4. OPERATING SEGMENTS - continued

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.

	3 months ended June 30 2025	3 months ended June 30 2024	6 months ended June 30 2025	6 months ended June 30 2024
Canada	57,254	57,242	118,562	116,296
United States	61,869	57,843	121,966	111,710
	119,123	115,085	240,528	228,006

Segment assets are based on the geographical location of the assets.

All of the Company's assets are located in Canada and United States. The assets presented below include property and equipment, right-of-use assets and assets held for sale.

	June 30 2025	December 31 2024
Canada	143,847	155,732
United States	44,448	54,280
	188,295	210,012

Titanium Transportation Group Inc.

Notes to Condensed Consolidated Interim Financial Statements

Six months ended June 30, 2025 and 2024

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

(unaudited)

5. DISCONTINUED OPERATIONS

On April 1, 2024, the Company began ceasing operations in its Cornwall terminal, and selected operations in other geographical areas.

The financial information presented below is directly attributable to ceased operations. All administrative expenses and various selling and distribution expenses from shared, centralized and common functions of the Company are excluded from the determination of discontinued operations.

Income (loss) from discontinued operations

	3 months ended June 30 2025	3 months ended June 30 2024	6 months ended June 30 2025	6 months ended June 30 2024
Revenue	-	1,030	-	3,253
Operating expenses				
Carriers and independent contractors	-	660	-	2,007
Wages and casual labour	-	298	-	298
Vehicle operating	-	475	-	1,446
Other operating	-	63	-	192
Results from operating activities	-	(466)	-	(690)
Loss (Gain) from sale of equipment	-	1,885	-	(1,408)
Income (Loss) before income taxes	-	(2,351)	-	718
Income tax expense	-	(135)	-	678
Income (loss) from discontinued operations	-	(2,216)	-	40
Loss per share from discontinued operations:				
Basic	0.00	(0.05)	0.00	0.00
Diluted	0.00	(0.05)	0.00	0.00

The following table presents the effect of discontinued operations on the condensed consolidated interim statements of cash flows:

Net cash flow from operating activities	-	(466)	-	(690)
Net cash flow from investing activities	-	1,442	-	1,855
Net cash flow for the period	-	976	-	1,165

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6. FINANCE LEASE RECEIVABLES

During the six month period ended June 30, 2025, the Company entered into new finance leases totaling \$1.3 million which are receivable over 10 to 60 months with interest rates ranging from 4.75% to 8.00%.

7. ASSETS HELD FOR SALE

Assets held for sale of \$1.9 million comprised of the land and building from the North Bay terminal that is awaiting sale. These assets are expected to be sold over the next twelve 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.

On July 4, 2025, the land and building related to the North Bay terminal has been sold for proceeds of \$2.6 million.

8. PROPERTY AND EQUIPMENT

	Land, Buildings and Leaseholds	Furniture and Equipment	Rolling Stock	Total
Cost				
Balances, December 31, 2024	29,880	4,079	215,641	249,600
Other additions	-	-	94	94
Reacquisition - Rolling stock	-	-	133	133
Sale of rolling stock relating to finance lease receivables	-	-	(1,909)	(1,909)
Purchase of lease assets	-	-	4,639	4,639
Other disposals	-	-	(6,959)	(6,959)
Effect of movements in exchange rates	(448)	(13)	(2,456)	(2,917)
Balances, June 30, 2025	29,432	4,066	209,183	242,681
Accumulated depreciation				
Balances, December 31, 2024	5,441	3,856	51,743	61,040
Depreciation	414	87	11,047	11,548
Other disposals	-	-	(1,604)	(1,604)
Sale of rolling stock relating to finance lease receivables	-	-	(652)	(652)
Effect of movements in exchange rates	(20)	(7)	(385)	(412)
Balances, June 30, 2025	5,835	3,936	60,149	69,920
Net carrying amounts				
At December 31, 2024	24,439	223	163,898	188,560
At June 30, 2025	23,597	130	149,034	172,761

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9. RIGHT OF USE ASSETS

	Land and Buildings	Furniture and Equipment	Rolling Stock	Total
Balances, December 31, 2024	20,518	1,532	13,424	35,474
Other additions	952	-	-	952
Other disposals	(717)	-	-	(717)
Purchase of lease assets	-	-	(5,609)	(5,609)
Effect of movements in exchange rates	(51)	-	(334)	(385)
Balances, June 30, 2025	20,702	1,532	7,481	29,715
Accumulated depreciation				
Balances, December 31, 2024	8,950	1,532	5,482	15,964
Depreciation	1,310	-	785	2,095
Purchase of lease assets	-	-	(970)	(970)
Other disposals	(717)	-	-	(717)
Effect of movements in exchange rates	(1)	-	(248)	(249)
Balances, June 30, 2025	9,542	1,532	5,049	16,123
Net carrying amounts				
At December 31, 2024	11,568	-	7,942	19,510
At June 30, 2025	11,160	-	2,432	13,592

Terms and conditions of right of use assets are presented below:

	Effective Interest Rate	Net Carrying Amount
Real estate	4.49% - 7.00%	11,160
Rolling stock	2.43% - 10.30%	2,432
		<u>13,592</u>

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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	25,922
Loans payable	2.00% - 7.66%	2025-2033	110,727
Finance lease liabilities	2.43% - 10.30%	2026-2031	18,171
			154,820
Current portion			64,542
			<u>90,278</u>

11. SHARE CAPITAL

Authorized

Unlimited number of common shares with no par value

	Common Shares #	Share Capital \$
Issued		
Balances, December 31, 2024	45,279,164	51,755
Shares issued as part of share purchase plan	416,811	636
Shares issued on exercise of options	510,000	1,246
Balances, June 30, 2025	<u>46,205,975</u>	<u>53,637</u>

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, 800,434 (December 31, 2024 - 693,419) have not vested. During the three month and six month period ended June 30, 2025, the Company recognized an expense of \$0.2 million and \$0.4 million (2024 - \$0.2 million and \$0.5 million) relating to the Plan, with a corresponding increase to contributed surplus.

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11. SHARE CAPITAL - continued

During the quarter ended June 30, 2025, no dividends (2024 - \$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 June 30 2025	3 months ended June 30 2024	6 months ended June 30 2025	6 months ended June 30 2024
Issued common shares, beginning	45,467,783	44,776,934	45,279,164	44,774,905
Effect of unvested common shares	(779,426)	(636,541)	(762,360)	(614,467)
Effect of issued common shares	369,096	86,339	463,406	167,854
Effect of repurchased common shares	-	-	-	(80,500)
Weighted average number of common shares	45,057,453	44,226,732	44,980,210	44,247,792
Dilutive effect of restricted common shares and stock options	932,325	1,149,895	961,438	1,179,824
Weighted average number of diluted common shares	45,989,778	45,376,627	45,941,648	45,427,616

12. CONTRIBUTED SURPLUS

Share-based compensation expense is comprised of the following:

	3 months ended June 30 2025	3 months ended June 30 2024	6 months ended June 30 2025	6 months ended June 30 2024
Share purchase plan	207	188	411	367
Stock options	103	80	208	176
	310	268	619	543

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12. 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, 2024	3,218,000	2.12
Issued	393,900	2.30
Exercised	(510,000)	1.50
Expired	(134,200)	1.50
Balances, June 30, 2025	2,967,700	2.28

Of the total stock options issued during the period, 393,900 (2024 - 212,800) 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 6.9 years; ii) the risk-free rate is 2.89%; iii) the dividend yield will be 3.65%; and iv) expected volatility is 49.93%. 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 June 30, 2025:

Exercise Price \$	Options Outstanding #	Weighted Average Remaining Life in years	Options Exercisable #
1.50	572,800	3.6	522,800
2.25	1,058,300	8.3	109,600
2.50	215,000	8.4	13,333
2.60	911,600	6.3	526,400
2.85	195,000	0.6	195,000
3.00	15,000	6.1	7,500
2.28	2,967,700	6.3	1,374,633

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13. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Balance Dec 31 2024	Cash Flows	Non-Cash Changes		Balance June 30 2025
			New Leases	Reacquired Leases	
Finance lease receivables	6,075	(1,478)	1,332	(150)	5,779

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

	Balance Dec 31 2024	Cash Flows	Non-Cash Changes		Balance June 30 2025
			New Leases /Loans	Foreign Exchange Movement	
Bank indebtedness	20,230	4,840	-	852	25,922
Acquisition loan	1,125	(1,125)	-	-	-
Loan payable	130,129	(16,571)	-	(2,831)	110,727
Finance lease liabilities	20,773	(2,201)	-	(401)	18,171
	172,257	(15,057)	-	(2,380)	154,820

14. RELATED PARTY TRANSACTIONS AND BALANCES

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

	3 months ended June 30 2025	3 months ended June 30 2024	6 months ended June 30 2025	6 months ended June 30 2024
Provided truck transportation services to Vision Extrusions Group Limited and Vision Profile Extrusions Ltd., companies under common control	4,437	4,598	8,234	8,760

Included in trade and other receivables as at June 30, 2025, is a total of \$2.5 million (2024 - \$2.2 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.

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15. WAGES AND CASUAL LABOUR

Included in wages and casual labour are the following:

	3 months ended June 30 2025	3 months ended June 30 2024	6 months ended June 30 2025	6 months ended June 30 2024
Share-based compensation expense	310	268	619	543
Employee benefits	297	420	666	873
Key management personnel:				
Salaries and benefits	578	329	1,152	875
Share-based compensation expense	64	64	128	105

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

16. COMMITMENTS AND CONTINGENCIES

- a) As at June 30, 2025, the Company is not committed to purchasing additional rolling stock.
- b) 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. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to reflect amounts related to discontinued operations that were determined in 2024.

18. SUBSEQUENT EVENTS

On July 4, 2025, the land and building related to the North Bay terminal has been sold for gross proceeds of \$2.6 million. Total net book value of the North Bay terminal was \$1.9 million.