TITANIUM
Transportation Group Inc.

Management's Discussion and Analysis

For the second quarter ended
June 30, 2020

Dated August 11, 2020

GENERAL INFORMATION

The following is Titanium Transportation Group Inc.'s management discussion and analysis dated August 11, 2020 ("MD&A"), which provides a comparative overview of the Company's performance for its three month and six month periods ended June 30, 2020 with the corresponding three month and six month periods ended June 30, 2019, and it reviews the Company's financial position as at June 30, 2020. Throughout this MD&A, any reference to "Company", "we", "us", "our" or "Titanium" shall mean Titanium Transportation Group Inc. and all of its direct and indirect wholly-owned subsidiaries. This discussion should be read in conjunction with the Company's MD&A, audited consolidated financial statements and accompanying notes as at and for the year ended December 31, 2019 as well as the unaudited condensed consolidated interim financial statements of the Company for the second quarter ended June 30, 2020 ("consolidated interim financial statements").

The consolidated interim financial statements of the Company and extracts from those consolidated interim financial statements contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated interim financial statements comply with IAS 34, Interim Financial Reporting, and do not include all of the information required for annual financial statements. The Company's presentation currency is the Canadian dollar. All financial information presented has been rounded to the nearest dollar, except per share amounts and where otherwise indicated. The Company's consolidated interim financial statements for the second quarter ended June 30, 2020 were approved by its Board of Directors on August 11, 2020. Readers are cautioned that certain information included herein is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumption prove incorrect, actual results may vary significantly from those expected. See "Forward Looking Statements" and "Risks and Uncertainties".

Unless otherwise indicated, the information in this report is dated as of August 11, 2020. Additional information relating to the Company is available on SEDAR at www.sedar.com.

OVERVIEW

The Company is an asset-based transportation and logistics company servicing Canada and the United States with terminals in Bolton, Bracebridge, Napanee, North Bay and Windsor, Ontario and with additional parking/switch yards in Sudbury, Brantford, Brockville and Trenton, Ontario and freight brokerage offices in Charlotte, North Carolina and Nashville, Tennessee. The Company has over 1,000 customers across various industries, including large multinational corporations, with no one customer accounting for more than 7% of revenue. The Company has approximately 475 power units, 1,400 trailers, and 600 independent owner operators and full-time employees.

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

The Logistics segment is a non-asset-based broker that provides ancillary transportation services, such as third-party logistics services and freight forwarding across all of North America. Through its network, the Logistics segment offers customers a variety of transportation services, including intermodal, international shipping, specialty services, and expedited services. The Logistics segment succeeds due to the extensive experience and expertise of the Company's dedicated personnel, up to date and innovative information technology and systems, as well as strong strategic relationships with third-party providers.

The Company's operational results are influenced by industry-wide economic factors and by capital allocation including operating and spending decisions. Industry-wide economic factors which impact operational results include freight demand, truck capacity, fuel prices, driver availability, unemployment, exchange rates, government regulation and weather. The Company makes key decisions when allocating capital between its Truck Transportation and Logistics segments, hiring employees or independent contractors and determining sustainable compensation structures, investing in new equipment and technology, and considering business acquisitions. Operating and spending decisions are made after the analysis of numerous important financial and operational metrics including EBITDA[1] and operating income[1], revenue generated per truck and per mile, empty miles, driver retention and fuel efficiency.

Q2 2020 Key Highlights

- Titanium continued to improve its financial position by further lowering its net-debt-to-equity ratio to 1.26, from 1.54 on March 31, 2020. Net debt decreased by $10.1 million, or 15.9%, from Q1 2020.
- Consolidated revenue for Q2 2020 was $38.0 million, a 9.7% decrease over Q2 2019. The decrease was primarily due to pricing pressure and volume decrease associated with the COVID-19 pandemic.
- Operating income was $1.8 million for Q2 2020, representing a 5.1% operating margin[1], compared to $1.4 million and a 3.7% operating margin in Q2 2019, reflecting in part $2.2 million received from the Canadian Emergency Wage Subsidy ("CEWS") program introduced during the pandemic and allocated to operating expenses. For the six month period ended June 30, 2020, operating income increased to $3.1 million, from $2.7 million for the same period in 2019.
- Truck Transportation segment revenue for Q2 2020 was $24.4 million, representing a 14.7% decrease year over year. However, operating income improved to $1.8 million, a 41.4% increase from Q2 2019 of $1.3 million, representing a 7.9% operating margin. This compares to Q2 2019 operating margin of 4.8%. Included in operating expenses was $1.7 million received from the CEWS program for the segment.
- Logistics segment revenue was $14.6 million for Q2 2020, a 1.6% decrease when compared to $14.9 million in the same period in 2019. Our strategic expansion into the U.S. freight brokerage market contributed $5.0 million in revenue in Q2 2020 which offset decreases from the Canadian counterpart. Operating income was $0.6 million, representing a 4.4% operating margin for the quarter. This compares to Q2 2019 operating income of $0.7 million and a 4.8% operating margin. Included in operating expenses was $0.5 million received from the CEWS program for the segment.

Revenue by Industry	
Manufactured Goods	36.6%
Logistics/ Trucking	19.4%
Retail	11.7%
Metals	7.4%
Services	5.9%
Food & Beverage	5.7%
Forest Products	5.5%
Other	4.8%
Automotive	3.0%
Based on Q2 2020 revenue	

[1] Refer to "Results of Operations" on page 3 and "Non-IFRS Financial Measures" on page 14 for more information about operating income and EBITDA and for a reconciliation of operating income and EBITDA to net income.

RESULTS OF OPERATIONS

Financial Highlights (unaudited)

	3 months ended June 30 2020	3 months ended June 30 2019	6 months ended June 30 2020	6 months ended June 30 2019
Revenue	35,983,252	39,279,181	76,778,529	75,293,977
Fuel surcharge	1,969,110	2,762,312	5,486,076	5,739,726
	37,952,362	42,041,493	82,264,605	81,033,703
Operating expenses	32,647,148	37,173,885	72,412,496	71,581,279
EBITDA[(1)]	5,305,214	4,867,608	9,852,109	9,452,424
EBITDA margin[(1)]	14.7 %	12.4 %	12.8 %	12.6 %
Depreciation	3,429,318	3,368,008	6,589,846	6,607,767
Amortization of customer lists	57,150	57,150	114,300	114,300
Operating income[(1)]	1,818,746	1,442,450	3,147,963	2,730,357
Operating margin[(1)]	5.1 %	3.7 %	4.1 %	3.6 %
Gain on sale of property and equipment	(19,023)	(114,696)	(106,881)	(372,514)
Finance costs	709,084	891,674	1,485,901	1,771,019
Finance income	(72,287)	(97,481)	(210,041)	(197,093)
Foreign exchange loss (gain)	(53,104)	48,574	(200,812)	7,790
Income tax expense	380,300	259,420	662,944	521,847
Net income and comprehensive income attributable to owners of the Company	873,776	454,959	1,516,852	999,308
Net income per share - basic	0.02	0.01	0.04	0.03
Net income per share - diluted	0.02	0.01	0.04	0.03

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

EXECUTIVE SUMMARY

During the second quarter of 2020, the onset of the COVID-19 pandemic and the resulting impact on global economies created unprecedented challenges for all businesses. Titanium was not immune and was also tested during the quarter. However, we are pleased with our team's responsible management of the business disruptions and uncertainty that has been visited upon the freight market. Leveraging our existing technologies and infrastructure, Titanium was instantly operational to service the movements of our customers' essential goods throughout North America. Our COVID related protocols were effective at providing a safe workplace for our workforce to uphold uninterrupted services to our customers.

Notably, our robust balance sheet continued to improve despite the challenges in the quarter. Overall, we emerged from Q2 2020 better than expected, and we are on our way to rehiring our entire workforce.

Recovery is the key driving force as we look ahead to Q3 2020. While we have experienced significant contraction in the market since mid-April, as evident by our 10% decrease in consolidated revenue in the quarter, we also saw encouraging signs of normalization beginning in June and into July. As the economy recovers and volumes move back towards pre-pandemic levels, Titanium is poised and ready to service the market. As such, we have strategically opened our second U.S. freight brokerage office in Nashville, Tennessee in early July. Our U.S. operations, being an asset-light model, has proven a logical progression for the business and consistently improved quarter-over-quarter. As end markets begin to re-open, we believe that our additional resources will allow us to benefit from the economic recovery.

While we remain cautiously optimistic, there are risks to both the timing and the pace of economic recovery as reflected in the recent surge in COVID-19 cases, particularly in the United States. Should a second wave of the disease occur later this year, it could contribute to additional downward pressure on volumes and pricing. The Company carefully monitors data to ensure that management is well equipped to make informed decisions. In addition, we have received government assistance for the quarter during this first wave of downturn, but there is no guarantee how long these programs will be extended for.

Nevertheless, even in the event of a further deterioration in economic activity, Titanium is well-positioned to endure a temporary deterioration in the industry. We have purposely improved our net debt to equity ratio again from 1.54 in Q1 2020 to 1.26 this quarter. We have also achieved these improvements by focusing on our core capital deployment strategy, and repaid $10.1 million of net debt during the quarter. We strongly believe in the strength of our financial position and our ability to operate in any economic environment.

In terms of growth, our strong financial position allows us to strategically assess acquisition opportunities as they arise. We continue to explore opportunities and pursue accretive growth targets. We are confident that our patience in the market will reap the desired results as we head towards the second half of 2020. Organically, our focus continued to be on our asset-light U.S. freight brokerage segment. Although profitability for the segment was impacted by volatility resulting from economic uncertainty, growth in this segment will yield exponential results as global economies regain strength.

With our unwavering focus on delivering sustainable and profitable growth, Titanium is positioned to further execute on our growth strategy once the economic environment normalizes. Our dedicated staff and best-in-class technology has and will continue to mitigate the impact of the economic challenges to the Company and its customers. We remained steadfast in our defensive approach in capital deployment and this discipline grants the Company the freedom to seek out larger, profitable inorganic growth opportunities. As always, Titanium remains focused on delivering sustainable, profitable growth and creating long-term shareholder value.

COVID-19 INFORMATION

It is Titanium's utmost priority to ensure the health and wellbeing of our people, our customers and the communities at large. Following the sudden onset of the COVID-19 pandemic, Titanium recognized the severity of the health and financial impact of this highly contagious virus. We have and will continue to monitor closely all pandemic related information to ensure we continue to take all necessary precautionary actions to uphold our uninterrupted services to our customers. Following our swift implementation of safety measures in Q1 2020, the following measures will remain in place until further notice:

- Provide our people with proper Personal Protective Equipment ("PPE") suitable for their duties;
- Educating our workplace to adhere to new government pandemic protocols for the safety of our people and customers;
- Provide Work-From-Home capabilities to workforce as needed;
- Provide our workforce with up-to-date information regarding the preventative measures being taken by the Company and financial assistance available from the government relating to the pandemic;
- Tightened criteria for share repurchases to maintain cash position.

We are pleased with the professionalism and tremendous efforts demonstrated by our people during these difficult times. Titanium can only operate without interruption due to the efforts by our valued team members.

Selected Segmented Financial Information (unaudited)

	3 months ended June 30 2020	3 months ended June 30 2019	6 months ended June 30 2020	6 months ended June 30 2019
Truck Transportation				
Revenue	23,157,587	26,735,072	48,555,193	52,632,503
Fuel surcharge	1,194,972	1,828,948	3,409,156	3,986,114
	24,352,559	28,564,020	51,964,349	56,618,617
Operating expenses				
Carriers and independent contractors	8,107,198	9,138,426	17,316,417	18,522,872
Vehicle operating	5,727,311	7,162,967	12,211,060	13,986,113
Wages and casual labour	4,696,742	6,978,661	11,399,561	13,587,969
Other operating	691,507	781,656	1,480,080	1,608,675
	19,222,758	24,061,710	42,407,118	47,705,629
EBITDA(1)	5,129,801	4,502,310	9,557,231	8,912,988
EBITDA margin(1)	22.2 %	16.8 %	19.7 %	16.9 %
Depreciation	3,252,477	3,157,564	6,252,239	6,270,074
Amortization of customer lists	57,150	57,150	114,300	114,300
Operating income(1)	1,820,174	1,287,596	3,190,692	2,528,614
Operating margin(1)	7.9 %	4.8 %	6.6 %	4.8 %
Gain on sale of property and equipment	(19,023)	(114,696)	(106,881)	(372,514)
Finance costs	673,184	861,094	1,412,274	1,709,806
Finance income	(72,287)	(97,481)	(210,041)	(197,093)
Income tax expense	360,444	201,612	624,975	433,215
Net income	877,856	437,067	1,470,365	955,200

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

Selected Segmented Financial Information (unaudited)**, continued**

	3 months ended June 30 2020	**3 months ended June 30 2019**	**6 months ended June 30 2020**	**6 months ended June 30 2019**
Logistics				
Revenue	13,871,117	13,946,956	30,549,419	25,188,577
Fuel surcharge	774,139	933,364	2,076,920	1,753,612
	14,645,256	14,880,320	32,626,339	26,942,189
Operating expenses				
Carriers and independent contractors	12,668,349	12,155,527	28,083,907	22,073,872
Wages and casual labour	992,415	1,581,183	2,580,257	2,732,627
Other operating	373,825	468,719	796,732	889,145
	14,034,589	14,205,429	31,460,896	25,695,644
EBITDA/ Operating income(1)	610,667	674,891	1,165,443	1,246,545
EBITDA/ Operating margin(1)	4.4 %	4.8 %	3.8 %	4.9 %
Depreciation	176,841	210,444	337,607	337,693
Finance costs	35,901	30,580	73,627	61,213
Income tax expense	106,106	140,400	184,446	252,986
Net income	291,819	293,467	569,763	594,653

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

Revenue (unaudited)

	3 months ended June 30 2020	3 months ended June 30 2019	6 months ended June 30 2020	6 months ended June 30 2019
Truck Transportation				
Revenue	23,157,587	26,735,072	48,555,193	52,632,503
Fuel surcharge	1,194,972	1,828,948	3,409,156	3,986,114
	24,352,559	28,564,020	51,964,349	56,618,617
Logistics				
Revenue	13,871,117	13,946,956	30,549,419	25,188,577
Fuel surcharge	774,139	933,364	2,076,920	1,753,612
	14,645,256	14,880,320	32,626,339	26,942,189

For the three month and six month periods ended June 30, 2020, the Company's consolidated revenues decreased by $4.1 million and $1.2 million, or 9.7% and 1.5%, respectively, when compared to same periods ended June 30, 2019. The decrease in revenue, reflects the lower volumes and downward pressure on pricing as a fall-out from the economic impact of COVID-19, offset partially by an increase in revenue from the growth in the U.S. logistics segment, which began operations in May 2019.

The Truck Transportation segment experienced a decrease in revenue of $4.2 million or 14.7% for the three month period and a decrease of $4.7 million, or 8.2% for the six month period ended June 30, 2020 when compared to the same periods in 2019. The decrease in the segment was primarily a result of a decrease in pricing and volume related to the challenges in our end markets, particularly during mid-April to the beginning of June. Total miles decreased by 7.2% and revenue per mile decreased by 8.4% when compared to the three month period ended June 30, 2019.

The Logistics segment saw a decrease in revenues of $0.2 million or 1.6%, for the three month period ended June 30, 2020 but an increase of $5.7, million, or 21.1%, for the six month period ended June 30, 2020, when compared to that of 2019. Similar to the Truck Transportation segment, the logistics segment experienced significantly downward pressure in rates and volume due to the unfavorable market conditions in the quarter. The decrease was largely offset by the U.S. Logistics operations, which contributed $5.0 million for the three month period ended June 30, 2020. In comparison, the U.S. operations contributed $0.8 million for the same period in 2019.

Operating Expenses and Income (unaudited)

	3 months ended June 30 2020	3 months ended June 30 2019	6 months ended June 30 2020	6 months ended June 30 2019
Truck Transportation				
Revenue	24,352,559	28,564,020	51,964,349	56,618,617
Operating expenses	19,222,758	24,061,710	42,407,118	47,705,629
EBITDA[1]	5,129,801	4,502,310	9,557,231	8,912,988
EBITDA margin[1]	22.2 %	16.8 %	19.7 %	16.9 %
Depreciation and amortization	3,309,627	3,214,714	6,366,539	6,384,374
Operating income[1]	1,820,174	1,287,596	3,190,692	2,528,614
Operating margin[1]	7.9 %	4.8 %	6.6 %	4.8 %
Logistics				
Revenue	14,645,256	14,880,320	32,626,339	26,942,189
Operating expenses	14,034,589	14,205,429	31,460,896	25,695,644
EBITDA/ Operating income[1]	610,667	674,891	1,165,443	1,246,545
EBITDA/ Operating margin[1]	4.4 %	4.8 %	3.8 %	4.9 %
Corporate				
Operating expenses	435,253	309,593	870,565	707,110

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

For the Truck Transportation segment, operating expenses decreased by $4.8 million, or 20.1%**,** for the three month period ended June 30, 2020 and decreased by $5.3 million, or 11.1%, for the six month period ended June 30, 2020, when compared to the same periods in 2019. The decrease in operating expenses was a result of cost management measures implemented in response to COVID-19, as well as assistance received from the CEWS program. Vehicle operating expense decreased by 20.0% in the quarter when compared to the same period ended 2019. Wages and casual labour expense decreased by 32.7% in the second quarter year over year. Included in the decrease in wages and casual labour expense was government assistance of $1.72 million from the CEWS program. The remainder of the reduction in operating expenses was in line with the decrease of segmented revenue of 14.7% in the quarter. As a result, the Truck Transportation segment operating margin increased to 7.9% for the three month period ended June 30, 2020 from 4.8% in the same period in 2019. For the six month period ended June 30, 2020, the segment operating margin increased to 6.6% from 4.8%.

For the Logistics segment, operating expenses decreased by $0.2 million or 1.2% for the three month period ended June 30, 2020 and increased by $5.8 million or 22.4% for the six month period ended June 30, 2020, when compared to the same periods in 2019. The decrease in expenses for the quarter was mainly attributable to lower Canadian Logistics volume, which was offset by government assistance in the form of $0.46 million allocated to wages and casual labour expense from the CEWS program and an increase in volume from the U.S. Logistics segment.

SUMMARY OF QUARTERLY RESULTS

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

(in thousands)

	Q2'20	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19	Q4'18	Q3'18
Revenue	37,952	44,312	43,287	42,708	42,041	38,992	42,687	44,845
EBITDA(1)	5,305	4,547	4,467	4,535	4,868	4,585	5,844	5,694
EBITDA margin(1)	14.7 %	11.1 %	11.2 %	11.4 %	12.4 %	12.7 %	14.8 %	13.7 %
Operating income(1)	1,819	1,329	1,175	1,025	1,442	1,288	2,455	2,344
Operating margin(1)	5.1 %	3.3 %	2.9 %	2.6 %	3.7 %	3.6 %	6.2 %	5.6 %
Adjusted net income (loss)(1)	874	643	273	313	455	544	1,299	1,092
Per share - basic	0.02	0.02	0.01	0.01	0.01	0.01	0.04	0.03
Per share - diluted	0.02	0.02	0.01	0.01	0.01	0.01	0.04	0.03
Net income (loss) and comprehensive income (loss) attributable to the owners of the Company	874	643	273	313	455	544	1,299	1,092
Per share - basic	0.02	0.02	0.01	0.01	0.01	0.01	0.04	0.03
Per share - diluted	0.02	0.02	0.01	0.01	0.01	0.01	0.04	0.03

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

Changes from quarter to quarter are mainly the result of seasonality of operations, changes in industry conditions and acquisitions. In 2019, continuing geopolitical matters, such as global trade tension, slowed the momentum of economic growth. The industry also experienced downward pressure in pricing due to overcapacity. Historically, the Logistics segment is more immediately reflective of changing market conditions and changes in spot rates.

In January 2020, COVID-19 became widely known as the spread of the virus began to affect countries outside China. As the virus continued to spread, the outbreak was declared a global pandemic on March 11, 2020 by the World Health Organization. In response, many countries, including U.S. and Canada, imposed government mandated shutdowns of non-essential businesses and travelling restrictions. Overall macroeconomic conditions deteriorated sharply as a result of these regulations and caused significant pressure in pricing and demand. The Canadian government also implemented various relief programs, such as the Canadian Emergency Wage Subsidy program, to alleviate the economic effects of the virus.

LIQUIDITY AND CAPITAL RESOURCES

	June 30 2020	December 31 2019
Working capital (deficit)(1)	283,266	(4,949,497)
Total assets	126,466,488	135,389,544
Net debt(2)	53,641,619	66,323,872
Shareholders' equity	42,539,166	40,603,475
Net debt to equity ratio(3)	1.26	1.63

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

(2) Net debt is defined as bank indebtedness, loans payable and finance lease liabilities, net of cash, finance lease receivables and assets held for sale, both current and long-term portions.

(3) Net debt to equity ratio is defined as net debt divided by shareholders' equity.

The Company's working capital position improved as at June 30, 2020 when compared to December 31, 2019. We continued our successful capital management strategy and further enhanced the Company's net debt to equity position on top of significant improvements in 2019, mainly due to increases in free cash flow generated from profitable operations. As a result of this strategy, we achieved positive working capital in the quarter despite financing long-term assets with bank indebtedness. The Company has previously achieved positive working capital in third quarter ended September 30, 2015.

Minimal investment in replacement equipment was required during the quarter ended June 30, 2020, as we have been improving asset utilization and significant replenishments were made during 2015 and 2016 following the acquisitions of Muskoka Transport Limited and ProNorth Transportation. In terms of capital spending for the year, the Company has committed approximately $4.3 million towards the purchase of rolling stock during the second half of the year, and is expected to realize proceeds from the sale of excess aged equipment of approximately $0.8 million. Our rolling stock replacement policy is to replace trucks after 6 years, vans after 10 years and flatbeds after 15 years. We believe there is sufficient financing available to fund planned capital expenditures in the future and to provide for the further organic and inorganic growth of the business.

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

(in thousands)	Total	1 Year	2 Years	3 Years	4 Years	5 Years	After 5 Years
Loans	17,030	5,379	4,178	3,508	1,677	712	1,576
Restated finance leases(1)	43,049	5,902	2,206	834	632	682	32,793
	60,079	11,281	6,384	4,342	2,309	1,394	34,369

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

Titanium actively seeks debt refinancing when possible, especially with respect to debt acquired through business acquisitions, to the extent that penalties for early retirement of debt are not significant and lower cost financing is available. We believe the Company's operating cash flows are sufficient to fund daily operating activities and meet regular debt repayment obligations.

The portion of the Company's bank credit facilities which were unused as of June 30, 2020 include approximately $17.8 million under the revolving demand operating facility, $5.0 million under a non-revolving acquisition facility, $7.5 million under an accordion acquisition facility and $5.5 million under a finance lease loan facility. In addition, the Company has $15.8 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 June 30, 2020 and we believe the Company will be in compliance with all required covenants for the next twelve months. The first covenant requires the Company's debt to tangible net worth ratio to be less than 3.5. Debt to tangible net worth is a ratio of total liabilities plus future minimum lease payments on non-realty operating leases to shareholder's equity less goodwill, customer lists and deferred tax assets. The second covenant requires the Company's debt service coverage ratio to be greater than 1.05. Debt service coverage is a ratio of net income before interest income and expenses, gains on sale of equipment, depreciation, amortization and non-cash items, less unfinanced capital expenditures, plus proceeds of sale of equipment, to contractually required principal and interest payments made over the prior twelve months. The third covenant requires the Company's fixed charge coverage ratio to be greater than 1.00. Fixed charge coverage is a ratio of net income before interest income and expenses, gains on sale of equipment, to contractually required principal and interest payments made over the prior twelve months.

The Company must calculate its covenants by adjusting its net income and debt to treat realty leases as an operating lease rather than a finance lease.

Common Shares

The Company offers a share purchase plan (the "Plan"), which allows all employees and independent contractors, but excluding insiders of the Company, to contribute up to 5% of their compensation to a maximum of $4,800 per year towards the purchase of Titanium common shares. Contributions are matched at a rate of 100% by the Company and shares are issued from treasury in order to fund the Plan. In the case of employees, matched shares are subject to a three year vesting period. In the case of independent contractors, matched shares are issued after three years of service. The maximum number of shares approved for issuance under the Plan is reviewed by the board of directors annually. Of the shares issued to date, 757,818 have not yet vested.

On May 19, 2020, the Company renewed its normal course issuer bid, allowing the Company to purchase up to 1,821,831 of its common shares (the "NCIB"), representing 5% of its issued and outstanding common shares. The NCIB will terminate on May 18, 2021, or on an earlier date in the event that the maximum number of common shares sought in the NCIB have been repurchased. Purchases pursuant to the NCIB are expected to be made through the facilities of the TSX Venture Exchange (the "TSXV"), or such other permitted means, including through alternative trading systems in Canada, at prevailing market prices or as otherwise permitted by the policies of the TSXV.

During the six month period, the Company repurchased 53,200 common shares at a weighted average purchase price of $1.17 and a total purchase price of $62,388. The excess of the purchase price paid over the carrying value of the shares repurchased, totaled $28,960 and was charged to retained earnings as a share repurchase premium.

As of August 11, 2020**,** there are 36,535,750 common shares of the Company outstanding. In addition, there are 1,938,800 stock options outstanding, of which 969,497 are exercisable.

TRANSACTIONS WITH RELATED PARTIES

The Company provides truck transportation services to companies under common control. These companies include Vision Extrusions Group Limited, Vision Profile Extrusions Ltd. and Sunview Patio Doors Ltd. Aggregate revenues from these companies totaled $1,878,513 and $3,957,142, respectively, for the three month and six month periods ended June 30, 2020 (2019 - $2,010,842 and $3,669,202).

The Company also currently rents its head office terminal from Caledon First Investments Limited, a company under common control. Total rent paid to such company for the three month and six month periods ended June 30, 2020 was $448,029 and $896,076, respectively (2019 - $441,132 and $882,264). The Company has committed to annual base rent of $1,764,528, which will increase to $2,413,123 over a 14 year period.

Trunkeast Investments Canada Limited, the Company's controlling shareholder as of June 30, 2020, provides administrative and support services to the Company on a monthly basis. For these services, the Company was charged $7,500 and $15,000 (2019 - $7,500 and $15,000) for the three month and six month periods ended June 30, 2020, respectively.

These transactions were carried out in the normal course of business and were measured at the exchange amount, which management has concluded approximates an arm's-length arrangement.

FORWARD LOOKING STATEMENTS

This MD&A contains forward looking statements that reflect the Company's current expectations and projections about its future results. When used in this MD&A, forward looking statements can be identified by the use of words such as "may", or by such words as "will", "intend", "believe", "estimate", "consider", "expect", "anticipate", "objective" and similar expressions or variations of such words. Forward looking statements are, by their nature, not guarantees of the Company's future operational or financial performance and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward looking statements. No representation or warranty is intended with respect to anticipated future results or that estimates or projections will be sustained.

Readers are cautioned not to place undue reliance on these forward looking statements, which are necessarily based on a number of estimates and assumptions that, while considered reasonable by management as of the date of this MD&A, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The following factors could cause the Company's actual financial performance to differ materially from that expressed in any forward looking statement: highly competitive market conditions, the Company's ability to recruit, train and retain qualified drivers, the Company's ability to identify, successfully complete and integrate suitable acquisitions, fuel price variation and the Company's ability to recover these costs from its customers, foreign currency fluctuations, the impact of environmental standards and regulations, changes in Canadian and US government regulations applicable to the Company's operations, changes in key personnel, adverse weather conditions, accidents and litigation, the market for used equipment, changes in interest rates, changes in the cost of liability insurance coverage, downturns in general economic conditions affecting the Company and its customers and availability of financing on reasonable commercial terms. The Company expressly disclaims any obligation to update forward looking statements if circumstances or management's views or estimates change, except as otherwise required pursuant to applicable law.

From time to time, we will disclose our current annual run rate revenue and EBITDA. Although not intended as such, this may be interpreted as forward looking information. Run rates are presented in order to provide investors with insight into the current size of the Company and do not take into account expected future growth or changes in economic conditions. Historical figures may not be a good indicator of the Company's size, due to acquisitions and the time that it takes to fully realize synergies.

NON-IFRS FINANCIAL MEASURES

This MD&A includes the following financial measures that do not have any standardized meaning under IFRS and may not be comparable to similar measures employed by other companies:

"Earnings before interest, income taxes, depreciation and amortization" ("EBITDA") is calculated as net income before depreciation, amortization, asset impairments, gains or losses on the sale of equipment, finance income and costs, gains or losses on foreign exchange, income tax expense, transaction costs, accelerated customer list amortization and goodwill impairment.

"EBITDA margin" is calculated as EBITDA as a percentage of revenue before fuel surcharge.

"Operating income" is calculated as net income before asset impairments, gains or losses on the sale of equipment, finance income and costs, gains or losses on foreign exchange, income tax expense, transaction costs, accelerated customer list amortization and goodwill impairment.

"Operating margin" is calculated as operating earnings as a percentage of revenue before fuel surcharge.

"Adjusted net income" is calculated as net income before items that are not in the normal course of business, such as accelerated customer list amortization and goodwill impairment.

Management of the Company believes that these financial measures are useful for investors and other readers, when used in conjunction with other IFRS financial measures, as they are measurers used internally by management to evaluate performance. However, these financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of financial performance prepared in accordance with IFRS.

RISKS AND UNCERTAINTIES

The Company's business is subject to a number of risk factors which are described in our most recently filed annual information form. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations and cause the price of the common shares to decline. If any of the noted risks actually occur, our business may be harmed and the financial condition and results of operations may suffer significantly. In that event, the trading price of the common shares could decline, and shareholders may lose all or part of their investment.

As the duration and impact of the COVID-19 pandemic to the global economy is indeterminable, it is not possible to reliably estimate the length and severity of COVID-19 related impacts on the financial results and operations of the Company. The Company will continue to closely monitor the situation as it develops day-to-day and will take further actions, if necessary, to ensure the wellbeing of our workforce, customers, suppliers and other stakeholders, as well as minimize the disruption to Titanium's services.

The Company has taken measures to mitigate the potential negative impact on its financial results as a result of the outbreak. These measures are described under the section COVID-19 information in this MD&A. As the current market remain uncertain, the Company's exposure to interest rate risk and foreign exchange risk are heightened due to the volatility of the market. We continue to monitor the economic conditions on a daily basis to mitigate these risks.

The Company does not expect any material changes to other risk factors provided that temporary COVID-19 precautionary measures relax in the near future. If these measures extend indefinitely, there may be adverse effects on Titanium's credit risks as customers may become financially distressed. There may also be additional risks to the Company's operations as available workforce may contract for the Company, its customers and its suppliers. Furthermore, a prolonged period of precautionary measures will likely have severe effects on the Company's liquidity position. All of the above will have adverse impact to the Company's financial performance if the precautionary measures remain indefinite.

CHANGES IN ACCOUNTING POLICIES

IFRS 3, Definition of a Business, was amended in October 2019 and became effective January 1, 2020. The full description of this change in accounting policy is available in our condensed consolidated interim financial statements and did not have an impact on our results.

During the six month period ending June 30, 2020, the Company adopted the following accounting policy as a result of qualifying for the Canada Emergency Wage Subsidy ("CEWS") program by the Government of Canada.

Government Assistance

Government subsidies and monetary assistances are recognized when there is a reasonable assurance that the subsidy will be received and that the Company will comply with all required conditions. Government subsidies related to current expenses are recorded as a reduction of the related expenses.