Titanium Transportation Group Inc.

YEAR 2023

Unaudited Condensed Consolidated Interim Financial Statements

FOR THE THREE MONTH PERIOD ENDED
June 30, 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)

	June 30 2023	December 31 2022
Assets		
Current		
Cash	50,766	34,892
Short term deposits	7,000	-
Trade and other receivables (note 13)	55,218	71,209
Current taxes recoverable	43	15
Finance lease receivables (note 5, 12)	1,537	1,386
Prepaid expenses and deposits	3,364	3,419
	117,928	110,921
Finance lease receivables (note 5, 12)	4,039	2,751
Property and equipment (note 6)	147,409	131,586
Right of use assets (note 7)	23,128	25,683
Deferred tax assets	590	484
Customer lists (note 8)	4,727	5,382
Goodwill (note 8)	4,335	4,335
	302,156	281,142
Liabilities		
Current		
Bank indebtedness (note 9, 12)	11,002	11,078
Trade and other payables	40,994	37,114
Current taxes payable	558	4,975
Loans payable (note 9, 12)	24,814	21,309
Finance lease liabilities (note 9, 12)	4,084	4,976
	81,452	79,452
Acquisition loan (note 9, 12)	4,875	6,125
Loans payable (note 9, 12)	85,091	68,732
Finance lease liabilities (note 9, 12)	16,154	18,097
Deferred tax liabilities	11,638	10,516
	199,210	182,922
Commitments and contingencies (note 15)		
Shareholders' Equity		
Share capital (note 10)	50,771	51,005
Contributed surplus (note 11)	9,509	9,215
Retained earnings	42,666	38,000
	102,946	98,220
	302,156	281,142

On behalf of the Board

"Ted Daniel"
Director

"Bill Chyfetz"
Director

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Comprehensive Income

Six months ended June 30, 2023 and 2022

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

	3 months ended June 30 2023	**3 months ended June 30 2022**	**6 months ended June 30 2023**	**6 months ended June 30 2022**
Revenue (note 13)	88,573	116,830	179,666	237,871
Fuel surcharge	11,806	19,353	27,035	34,299
	100,379	136,183	206,701	272,170
Operating expenses				
Carriers and independent contractors	55,965	79,463	115,329	165,140
Vehicle operating	11,534	17,911	25,444	33,284
Wages and casual labour (note 14)	18,196	19,001	35,763	37,026
Other operating	2,659	3,473	5,563	6,468
	88,354	119,848	182,099	241,918
Income before the following	12,025	16,335	24,602	30,252
Depreciation (note 6, 7)	6,701	5,877	13,668	11,321
Gain on sale of property and equipment	(1,754)	(1,650)	(3,313)	(2,495)
Finance costs (note 13)	1,898	1,013	3,556	1,931
Finance income	(195)	(42)	(303)	(93)
Foreign exchange loss (gain)	(771)	486	(522)	462
Amortization of customer lists (note 8)	327	327	655	654
Transaction costs (note 16)	1,080	-	1,080	-
	7,286	6,011	14,821	11,780
Income before income taxes	4,739	10,324	9,781	18,472
Income tax expense	1,369	2,747	2,824	4,927
Net income and comprehensive income attributable to owners of the Company	3,370	7,577	6,957	13,545
Earnings per share:				
Basic	0.08	0.17	0.16	0.31
Diluted	0.07	0.17	0.15	0.30
Weighted average number of shares outstanding (in number of shares):				
Basic (note 10)	44,562,076	44,157,015	44,571,970	43,898,227
Diluted (note 10)	45,701,771	45,085,847	45,840,974	44,829,122

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Changes in Equity

Six months ended June 30, 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)	428	-	-	428
Shares vested (note 10)	152	(152)	-	-
Share-based compensation expense (note 11, 14)	-	446	-	446
Share cancellation (note 10)	(814)	-	(485)	(1,299)
Dividends paid (note 10)	-	-	(1,806)	(1,806)
Net income and comprehensive income	-	-	6,957	6,957
Balances at June 30, 2023	50,771	9,509	42,666	102,946
Balances at December 31, 2021	48,204	8,812	16,698	73,714
Share issuance (note 10)	1,798	-	-	1,798
Shares vested (note 10)	153	(153)	-	-
Options exercised (note 10)	36	(13)	-	23
Share-based compensation expense (note 11, 14)	-	353	-	353
Dividends paid (note 10)	-	-	(1,782)	(1,782)
Net income and comprehensive income	-	-	13,545	13,545
Balances at June 30, 2022	50,191	8,999	28,461	87,651

Titanium Transportation Group Inc.

Condensed Consolidated Interim Statements of Cash Flows

(in '000 Canadian dollars) (unaudited)

	3 months ended June 30 2023	3 months ended June 30 2022	6 months ended June 30 2023	6 months ended June 30 2022
Cash flows from operating activities				
Net income	3,370	7,577	6,957	13,545
Adjustments:				
Depreciation (note 6, 7)	6,701	5,877	13,668	11,321
Gain on sale of property and equipment	(1,754)	(1,650)	(3,313)	(2,495)
Finance costs	1,898	1,013	3,556	1,931
Finance income	(195)	(42)	(303)	(93)
Amortization of customer lists (note 8)	327	327	655	654
Share-based compensation expense (note 11)	236	140	446	353
Income tax expense	771	2,747	1,276	4,927
	11,354	15,989	22,942	30,143
Net change in non-cash operating working capital	8,823	9,473	20,187	364
	20,177	25,462	43,129	30,507
Interest paid	(1,890)	(1,033)	(3,538)	(1,965)
Interest received	195	42	303	93
Income taxes received (paid)	(437)	(3,229)	(6,513)	(4,452)
	18,045	21,242	33,381	24,183
Cash flows from investing activities				
Proceeds from finance lease receivables (note 12)	697	414	1,095	1,084
Proceeds from short term investments	8,000	-	8,000	-
Deposit to short term investments	-	-	(15,000)	-
Acquisition of property and equipment (note 6, 12)	(18,069)	(17,030)	(37,289)	(28,501)
Disposition of property and equipment (note 6, 12)	5,623	5,421	11,133	9,572
	(3,749)	(11,195)	(32,061)	(17,845)
Cash flows from financing activities				
Proceeds from bank indebtedness (note 12)	706	-	-	-
Repayment of bank indebtedness (note 12)	-	(12,319)	(546)	(14,190)
Repayment of acquisition loans (note 12)	(625)	(313)	(1,250)	(313)
Proceeds from loans payable (note 12)	17,127	16,904	34,113	28,254
Repayment of loans payable (note 12)	(5,513)	(4,689)	(12,336)	(8,908)
Proceeds from finance lease liabilities (note 12)	181	-	181	-
Repayment of finance lease liabilities (note 12)	(1,243)	(4,162)	(2,931)	(8,828)
Dividends paid (note 10)	(902)	(892)	(1,806)	(1,782)
Issuance of shares (note 10)	221	161	428	320
Share repurchase (note 10)	(1,114)	-	(1,299)	-
	8,838	(5,310)	14,554	(5,447)
Increase in cash	23,134	4,737	15,874	891
Cash, beginning	27,632	14,200	34,892	18,046
Cash, ending	50,766	18,937	50,766	18,937

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, Fayetteville, AR and Jacksonville, FL. 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 is De Zen Investments Canada Limited is a significant shareholder 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` 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.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 14, 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.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors was amended in February 2021 through the publication of *Definition of Accounting Estimates (Amendments to IAS 8)* by the IASB to help distinguish between accounting policies and accounting estimates. The amendments changed the definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. 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 Standards 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.

(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, 2023					
Revenue - external	47,710	52,669	-	-	100,379
Revenue - internal	1,560	-	-	(1,560)	-
Total revenue	49,270	52,669	-	(1,560)	100,379
Depreciation	6,516	185	-	-	6,701
Finance costs	1,622	276	-	-	1,898
Finance income	(75)	-	(120)	-	(195)
Income (loss) before income taxes	1,282	3,655	(198)	-	4,739
Income taxes (recoveries)	475	932	(38)	-	1,369
Capital expenditures	17,888	181	-	-	18,069
Three months ended June 30, 2022					
Revenue - external	57,559	78,624	-	-	136,183
Revenue - internal	1,056	-	-	(1,056)	-
Total revenue	58,615	78,624	-	(1,056)	136,183
Depreciation	5,757	120	-	-	5,877
Finance costs	930	83	-	-	1,013
Finance income	(42)	-	-	-	(42)
Income (loss) before income taxes	3,647	8,221	(1,544)	-	10,324
Income taxes (recoveries)	1,066	2,077	(396)	-	2,747
Capital expenditures	17,030	-	-	-	17,030

(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, 2023					
Revenue - external	97,783	108,918	-	-	206,701
Revenue - internal	3,048	-	-	(3,048)	-
Total revenue	100,831	108,918	-	(3,048)	206,701
Depreciation	13,316	352	-	-	13,668
Finance costs	3,023	533	-	-	3,556
Finance income	(151)	-	(152)	-	(303)
Income (loss) before income taxes	3,072	7,835	(1,126)	-	9,781
Income taxes (recoveries)	1,086	2,009	(271)	-	2,824
Capital expenditures	37,108	181	-	-	37,289
Six months ended, June 30, 2022					
Revenue - external	105,629	166,541	-	-	272,170
Revenue - internal	2,326	-	-	(2,326)	-
Total revenue	107,955	166,541	-	(2,326)	272,170
Depreciation	11,082	239	-	-	11,321
Finance costs	1,755	176	-	-	1,931
Finance income	(93)	-	-	-	(93)
Income (loss) before income taxes	3,762	17,163	(2,453)	-	18,472
Income taxes (recoveries)	1,123	4,429	(625)	-	4,927
Capital expenditures	28,986	-	-	-	28,986

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

	3 months ended June 30 2023	3 months ended June 30 2022	6 months ended June 30 2023	6 months ended June 30 2022
Canada	48,606	58,277	98,817	115,164
United States	51,773	77,906	107,884	157,006
	100,379	136,183	206,701	272,170

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

5. FINANCE LEASE RECEIVABLES

During the six month period ended June 30, 2023, the Company entered into new finance leases totaling $3.3 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	37,286	37,442
Acquired through business combinations	-	-	-	-
Reacquisition - Rolling stock	-	-	592	592
Sale of rolling stock relating to finance lease receivables	-	-	(3,098)	(3,098)
Purchase of lease assets	-	-	-	-
Other disposals	-	-	(21,322)	(21,322)
Balances, June 30, 2023	23,663	3,765	162,393	189,821
Accumulated depreciation				
Balances, December 31, 2022	3,506	3,427	37,688	44,621
Depreciation	372	119	11,264	11,755
Sale of rolling stock relating to finance lease receivables	-	-	(150)	(150)
Other disposals	-	-	(13,814)	(13,814)
Balances, June 30, 2023	3,878	3,546	34,988	42,412
Net carrying amounts				
At December 31, 2022	20,066	273	111,247	131,586
At June 30, 2023	19,785	219	127,405	147,409

(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 additions	181	-	-	181
Other disposals	-	-	(1,468)	(1,468)
Balances, June 30, 2023	19,474	1,532	12,482	33,488
Accumulated depreciation				
Balances, December 31, 2022	4,266	1,532	3,294	9,092
Depreciation	1,113	-	800	1,913
Other disposals	-	-	(645)	(645)
Balances, June 30, 2023	5,379	1,532	3,449	10,360
Net carrying amounts				
At December 31, 2022	15,027	-	10,656	25,683
At June 30, 2023	14,095	-	9,033	23,128

8. GOODWILL AND INTANGIBLES

	Goodwill	Customer Lists	Total
Balances, December 31, 2022	4,335	5,382	9,717
Amortization	-	(655)	(655)
Balances, June 30, 2023	4,335	4,727	9,062

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	11,002
Acquisition loan	PRIME+0.50%	2024	4,875
Loans payable	2.00% - 7.25%	2023-2031	109,905
Finance lease liabilities	0.99% - 10.32%	2023-2027	20,238
			146,020
Current portion			39,900
			106,120

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

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
Shares issued as part of share purchase plan	308,651	580
Shares repurchase and cancelled	(475,045)	(814)
Balances, June 30, 2023	44,956,227	50,771

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, 524,800 (December 31, 2022 - 495,947) have not vested. During the three month and six month period ended June 30, 2023, the Company recognized an expense of $0.1 million and $0.3 million (2022 - $0.1 million and $0.2 million) relating to the Plan, with a corresponding increase to contributed surplus.

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.

During the six month period ended June 30, 2023, the Company repurchased 475,045 (2022 - nil) common shares at a weighted average price of $2.73 and a total purchase price of $1.3 million. The excess of the purchase price paid over the carrying value of the shares repurchased, totalled $0.5 million and was charged to retained earnings as a share repurchase premium.

During the quarter ended June 30, 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.

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

10. SHARE CAPITAL - continued

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

	3 months ended June 30 2023	3 months ended June 30 2022	6 months ended June 30 2023	6 months ended June 30 2022
Issued common shares, beginning	45,208,461	44,555,284	45,208,461	44,037,513
Effect of unvested common shares	(520,268)	(463,727)	(510,374)	(463,629)
Effect of issued common shares	75,268	65,458	111,406	324,343
Effect of repurchased common shares	(201,385)	-	(237,523)	-
Weighted average number of common shares	44,562,076	44,157,015	44,571,970	43,898,227
Dilutive effect of restricted common shares and stock options	1,139,695	928,832	1,269,004	930,895
Weighted average number of diluted common shares	45,701,771	45,085,847	45,840,974	44,829,122

11. CONTRIBUTED SURPLUS

Share-based compensation expense is comprised of the following:

	3 months ended June 30 2023	3 months ended June 30 2022	6 months ended June 30 2023	6 months ended June 30 2022
Share purchase plan	148	73	306	217
Stock options	88	67	140	136
	236	140	446	353

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, June 30, 2023	2,858,700	2.05

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

11. CONTRIBUTED SURPLUS - continued

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 June 30, 2023:

Exercise Price $	Options Outstanding #	Weighted Average Remaining Life in years	Options Exercisable #
1.50	1,270,500	3.5	1,157,000
2.25	664,400	9.6	-
2.60	713,800	7.6	104,700
2.85	195,000	2.7	195,000
3.00	15,000	8.1	-
2.05	2,858,700	5.9	1,456,700

12. SUPPLEMENTAL CASH FLOW INFORMATION

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

		Cash Flows	Non-Cash Changes		
	Balance Dec 31 2022		New Leases	Reacquired Leases	Balance June 30 2023
Finance lease receivables	4,137	(1,095)	3,313	(779)	5,576

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

		Cash Flows	Non-Cash Changes		
	Balance Dec 31 2022		New Leases /Loans	Foreign Exchange Movement	Balance June 30 2023
Bank indebtedness	11,078	(546)	-	470	11,002
Acquisition loan	6,125	(1,250)	-	-	4,875
Loan payable	90,041	21,776	-	(1,912)	109,905
Finance lease liabilities	23,073	(2,750)	-	(85)	20,238
	130,317	17,230	-	(1,527)	146,020

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

13. RELATED PARTY TRANSACTIONS AND BALANCES

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

	3 months ended June 30 2023	3 months ended June 30 2022	6 months ended June 30 2023	6 months ended June 30 2022
Provided truck transportation services to Vision Extrusions Group Limited, Vision Profile Extrusions Ltd. and Sunview Patio Doors Ltd., companies under common control	4,794	5,431	8,645	9,414
	4,794	5,431	8,645	9,414

Included in trade and other receivables as at June 30, 2023 is a total of $3.0 million (2022 - $3.4 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.

14. WAGES AND CASUAL LABOUR

Included in wages and casual labour are the following:

	3 months ended June 30 2023	3 months ended June 30 2022	6 months ended June 30 2023	6 months ended June 30 2022
Share-based compensation expense	236	140	446	353
Employee benefits	290	255	575	571
Key management personnel:				
Salaries and benefits	482	487	877	857
Share-based compensation expense	48	35	94	70

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

15. COMMITMENTS AND CONTINGENCIES

a) As at June 30, 2023, the Company was committed to purchasing approximately $23.0 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) Subsequent to the quarter end, the Company has committed to renting additional office space. The future minimum lease payment for the lease is $0.7 million for the duration of the lease.

d) 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.

16. SUBSEQUENT EVENTS

Consistent with the Company's growth strategy to expand into the U.S. markets, Titanium acquired Crane Transport Inc. ("Crane") on July 31, 2023 for consideration of approximately $69.8 million, consisting of $44.8 million in cash, funded from the Company's available cash, and $25.0 million in assumed debt and vendor takeback loan. Titanium also purchased all real estate related to Crane's operations that includes the head office terminal in Georgia and the satellite terminal in Alabama for considerations of $7.9 million, which includes $3.1 million in mortgage loan and $0.8 million in assumed debt. Reflected in these financial statements are transaction costs of $1.1 million related to this transaction.

As finalized financial statements for Crane as at and for period ended July 31, 2023 are not yet available and the company was so recently acquired, there is insufficient reliable information to provide an estimate of the fair value allocation among the net identifiable assets and liabilities associated with this acquisition, and therefore, such an allocation has not been disclosed. Similarly, there is insufficient information to determine the amount of goodwill acquired, if any, gross contractual amount of trade receivables acquired and the portion thereof that is uncollectible at the acquisition date.

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the December 31, 2022 consolidated financial statements.