

**Y E A R 2 0 2 4**



**Unaudited Condensed Consolidated  
Interim Financial Statements**  
**FOR THE THREE MONTH PERIOD ENDED**  
**September 30, 2024**

# Titanium Transportation Group Inc.

## Notice To Reader

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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)

	September 30 2024	December 31 2023
<b>Assets</b>		
Current		
Cash	4,556	9,334
Trade and other receivables	72,274	64,315
Current taxes recoverable	1,146	105
Finance lease receivables (note 7)	2,036	1,626
Prepaid expenses and deposits	3,796	4,081
	83,808	79,461
Finance lease receivables (note 7)	4,096	4,700
Property and equipment (note 8)	199,709	219,203
Right of use assets (note 9)	21,195	30,985
Deferred tax assets	1,641	564
Customer lists (note 10)	11,921	13,112
Goodwill (note 10)	7,970	7,970
	330,340	355,995
<b>Liabilities</b>		
Current		
Bank indebtedness (note 11, 14)	9,449	20,790
Trade and other payables	49,687	32,644
Current taxes payable	-	517
Loans payable (note 11)	34,216	35,835
Finance lease liabilities (note 11)	7,112	8,903
	100,464	98,689
Acquisition loan (note 11)	1,750	3,625
Loans payable (note 11)	102,350	119,490
Finance lease liabilities (note 11)	14,718	18,562
Deferred tax liabilities	10,317	11,080
	229,599	251,446
<i>Commitments and contingencies (note 17)</i>		
<b>Shareholders' Equity</b>		
Share capital (note 12)	51,415	50,675
Contributed surplus (note 13)	10,307	9,832
Accumulated other comprehensive income	1,341	390
Retained earnings	37,678	43,652
	100,741	104,549
	330,340	355,995

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

Nine months ended September 30, 2024 and 2023

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

(unaudited)

	3 months ended Sept 30 2024	3 months ended Sept 30 2023	9 months ended Sept 30 2024	9 months ended Sept 30 2023
Revenue (note 15)	105,038	98,612	305,343	278,278
Fuel surcharge (note 15)	13,361	14,073	41,062	41,108
	118,399	112,685	346,405	319,386
Operating expenses				
Carriers and independent contractors	70,037	61,901	200,562	177,230
Vehicle operating	14,277	13,250	42,314	38,694
Wages and casual labour (note 16)	20,860	20,230	63,110	55,993
Other operating	2,933	3,848	10,224	9,411
	108,107	99,229	316,210	281,328
Income before the following	10,292	13,456	30,195	38,058
Depreciation (note 8, 9)	8,145	8,065	25,157	21,732
Loss (gain) on sale of property and equipment	324	(415)	(2,568)	(3,728)
Finance costs	2,858	2,522	9,760	6,078
Finance income	(65)	(109)	(264)	(412)
Foreign exchange loss (gain)	(736)	1,507	1,043	986
Amortization of customer lists (note 10)	459	327	1,374	982
Transaction costs	-	205	-	1,285
	10,985	12,102	34,502	26,923
Income (loss) before income taxes	(693)	1,354	(4,307)	11,135
Income tax expense (recovery)	(286)	(520)	(2,213)	2,304
Income (loss) from continuing operations	(407)	1,874	(2,094)	8,831
Loss from discontinued operations	(1,093)	-	(1,053)	-
Net income (loss)	(1,500)	1,874	(3,147)	8,831
Earnings (loss) per share:				
Basic	(0.03)	0.04	(0.07)	0.20
Diluted	(0.03)	0.04	(0.07)	0.19
Earnings (loss) per share from continuing operations:				
Basic	(0.01)	0.04	(0.05)	0.20
Diluted	(0.01)	0.04	(0.05)	0.19
Weighted average number of shares outstanding (in number of shares):				
Basic (note 12)	44,358,497	44,344,700	44,315,351	44,442,323
Diluted (note 12)	45,507,072	45,471,116	45,460,429	45,602,811

# Titanium Transportation Group Inc.

## Condensed Consolidated Interim Statements of Comprehensive Income

Nine months ended September 30, 2024 and 2023

(in '000 Canadian dollars)

(unaudited)

	<b>3 months ended Sept 30 2024</b>	<b>3 months ended Sept 30 2023</b>	<b>9 months ended Sept 30 2024</b>	<b>9 months ended Sept 30 2023</b>
Net income (loss)	(1,500)	1,874	(3,147)	8,831
Other comprehensive income				
Foreign currency translation	(858)	950	951	950
Total comprehensive income (loss)	(2,358)	2,824	(2,196)	9,781

# Titanium Transportation Group Inc.

## Condensed Consolidated Interim Statements of Changes in Equity

Nine months ended September 30, 2024 and 2023

(in '000 Canadian dollars)

(unaudited)

	Share Capital	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balances at December 31, 2023	50,675	9,832	43,652	390	104,549
Share issuance (note 12)	624	-	-	-	624
Shares vested (note 12)	336	(336)	-	-	-
Options exercised (note 13)	11	(3)	-	-	8
Share-based compensation expense (note 13, 16)	-	814	-	-	814
Share cancellation (note 12)	(231)	-	(138)	-	(369)
Dividends paid (note 12)	-	-	(2,689)	-	(2,689)
Net income / comprehensive income	-	-	(3,147)	951	(2,196)
Balances at September 30, 2024	51,415	10,307	37,678	1,341	100,741
Balances at December 31, 2022	51,005	9,215	38,000	-	98,220
Share issuance (note 12)	646	-	-	-	646
Shares vested (note 12)	239	(239)	-	-	-
Share-based compensation expense (note 13, 16)	-	698	-	-	698
Share cancellation (note 12)	(1,358)	-	(809)	-	(2,167)
Dividends paid (note 12)	-	-	(2,703)	-	(2,703)
Net income / comprehensive income	-	-	8,831	950	9,781
Balances at September 30, 2023	50,532	9,674	43,319	950	104,475

# Titanium Transportation Group Inc.

## Condensed Consolidated Interim Statements of Cash Flows

(in '000 Canadian dollars)

(unaudited)

	3 months ended Sept 30 2024	3 months ended Sept 30 2023	9 months ended Sept 30 2024	9 months ended Sept 30 2023
Cash flows from operating activities				
Net income (loss)	(1,500)	1,874	(3,147)	8,831
Adjustments:				
Depreciation (note 8, 9)	8,145	8,065	25,157	21,732
Loss (gain) on sale of property and equipment (note 5)	1,417	(415)	(2,883)	(3,728)
Finance costs	2,858	2,522	9,760	6,078
Finance income	(65)	(109)	(264)	(412)
Amortization of customer lists (note 10)	459	327	1,374	982
Share-based compensation expense (note 13)	271	251	814	698
Income tax expense (recovery)	(369)	(626)	(1,840)	649
	11,216	11,889	28,971	34,830
Net change in non-cash operating working capital	(1,390)	1,362	10,645	21,551
	9,826	13,251	39,616	56,381
Interest paid	(2,736)	(2,505)	(9,589)	(6,043)
Interest received	65	109	264	412
Income taxes paid	(139)	(157)	(1,863)	(6,670)
	7,016	10,698	28,428	44,080
Cash flows from investing activities				
Proceeds from finance lease receivables (note 14)	716	754	1,855	1,849
Proceeds from short term investments	-	7,000	-	15,000
Deposit to short term investments	-	-	-	(15,000)
Acquisition of property and equipment (note 8)	(171)	(12,571)	(11,485)	(49,860)
Disposition of property and equipment (note 5, 8)	4,134	664	18,188	11,797
Acquisition of subsidiaries	-	(57,066)	-	(57,066)
	4,679	(61,219)	8,558	(93,280)
Cash flows from financing activities				
Repayment of bank indebtedness (note 14)	(261)	-	(11,052)	-
Proceeds from bank indebtedness (note 14)	-	10,785	-	10,240
Repayment of acquisition loans (note 14)	(625)	(625)	(1,875)	(1,875)
Proceeds from loans payable (note 14)	-	27,813	11,277	61,925
Repayment of loans payable (note 14)	(10,109)	(9,305)	(31,797)	(21,641)
Proceeds from finance lease liabilities (note 14)	-	-	-	181
Repayment of finance lease liabilities (note 14)	(1,992)	(2,385)	(5,891)	(5,317)
Dividends paid (note 12)	(900)	(897)	(2,689)	(2,703)
Issuance of shares (note 12)	203	218	632	646
Share repurchase (note 12)	-	(868)	(369)	(2,167)
	(13,684)	24,736	(41,764)	39,289
Increase (decrease) in cash	(1,989)	(25,785)	(4,778)	(9,911)
Cash, beginning	6,545	50,766	9,334	34,892
Cash, ending	4,556	24,981	4,556	24,981

Refer to note 14 for supplemental cash flow information.

# Titanium Transportation Group Inc.

## Notes to Condensed Consolidated Interim Financial Statements

Nine months ended September 30, 2024 and 2023

(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, North Bay, Windsor, ON, Oakwood, GA and Falkville, AL 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, 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 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.



# Titanium Transportation Group Inc.

## Notes to Condensed Consolidated Interim Financial Statements

Nine months ended September 30, 2024 and 2023

(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 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, 2023.

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 November 11, 2024.

#### 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.

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

Nine months ended September 30, 2024 and 2023

(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 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) *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

Nine months ended September 30, 2024 and 2023

(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 future growth rates, terminal growth rate, post-tax discount rate.
- 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.
- 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.

# Titanium Transportation Group Inc.

## Notes to Condensed Consolidated Interim Financial Statements

Nine months ended September 30, 2024 and 2023

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

(unaudited)

### 3. MATERIAL ACCOUNTING POLICIES - continued

- 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 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 adoption of this interpretation did not have a material impact on the condensed consolidated interim financial statements.

#### 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

Nine months ended September 30, 2024 and 2023

(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.

	<b>Truck Transportation</b>	<b>Logistics</b>	<b>Corporate</b>	<b>Elimination</b>	<b>Total</b>
<b>Three months ended September 30, 2024</b>					
Revenue - external	57,436	60,963	-	-	118,399
Revenue - internal	667	-	-	(667)	-
Total revenue	58,103	60,963	-	(667)	118,399
Depreciation	7,887	258	-	-	8,145
Finance costs	2,613	245	-	-	2,858
Finance income	(65)	-	-	-	(65)
Income (loss) before income taxes	(3,359)	3,057	(391)	-	(693)
Income taxes (recoveries)	(1,035)	836	(87)	-	(286)
Capital expenditures	171	-	-	-	171
<b>Three months ended September 30, 2023</b>					
Revenue - external	61,142	51,543	-	-	112,685
Revenue - internal	1,255	-	-	(1,255)	-
Total revenue	62,397	51,543	-	(1,255)	112,685
Depreciation	7,875	190	-	-	8,065
Finance costs	2,149	373	-	-	2,522
Finance income	(53)	-	(56)	-	(109)
Income (loss) before income taxes	31	3,908	(2,585)	-	1,354
Income taxes (recoveries)	(286)	460	(694)	-	(520)
Capital expenditures	12,571	-	-	-	12,571

# Titanium Transportation Group Inc.

## Notes to Condensed Consolidated Interim Financial Statements

Nine months ended September 30, 2024 and 2023

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

(unaudited)

### 4. OPERATING SEGMENTS - continued

	Truck Transportation	Logistics	Corporate	Elimination	Total
<b>Nine months ended September 30, 2024</b>					
Revenue - external	173,052	173,353	-	-	346,405
Revenue - internal	1,853	-	-	(1,853)	-
Total revenue	174,905	173,353	-	(1,853)	346,405
Depreciation	24,385	772	-	-	25,157
Finance costs	8,732	1,028	-	-	9,760
Finance income	(264)	-	-	-	(264)
Income (loss) before income taxes	(8,125)	7,964	(4,146)	-	(4,307)
Income taxes (recoveries)	(3,286)	2,161	(1,088)	-	(2,213)
Capital expenditures	11,485	-	-	-	11,485
<b>Nine months ended September 30, 2023</b>					
Revenue - external	158,925	160,461	-	-	319,386
Revenue - internal	4,303	-	-	(4,303)	-
Total revenue	163,228	160,461	-	(4,303)	319,386
Depreciation	21,191	541	-	-	21,732
Finance costs	5,172	906	-	-	6,078
Finance income	(204)	-	(208)	-	(412)
Income (loss) before income taxes	3,103	11,743	(3,711)	-	11,135
Income taxes (recoveries)	800	2,469	(965)	-	2,304
Capital expenditures	49,679	181	-	-	49,860

# Titanium Transportation Group Inc.

## Notes to Condensed Consolidated Interim Financial Statements

Nine months ended September 30, 2024 and 2023

(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.

	<b>3 months ended Sept 30 2024</b>	<b>3 months ended Sept 30 2023</b>	<b>9 months ended Sept 30 2024</b>	<b>9 months ended Sept 30 2023</b>
Canada	58,476	62,430	174,771	161,246
United States	59,923	50,255	171,634	158,140
	<b>118,399</b>	<b>112,685</b>	<b>346,405</b>	<b>319,386</b>

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 intangible assets.

	<b>Sept 30 2024</b>	<b>Sept 30 2023</b>
Canada	172,358	182,090
United States	68,437	83,140
	<b>240,795</b>	<b>265,230</b>

# Titanium Transportation Group Inc.

## Notes to Condensed Consolidated Interim Financial Statements

Nine months ended September 30, 2024 and 2023

(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 Sept 30 2024	9 months ended Sept 30 2024
Revenue	-	3,253
Operating expenses	-	3,943
Results from operating activities	-	(690)
Losses (gains) from sale of property and equipment	1,093	(315)
Loss before income taxes	(1,093)	(375)
Income tax expense	-	678
Loss income from discontinued operations	(1,093)	(1,053)
Loss per share from discontinued operations:		
Basic	(0.02)	(0.02)
Diluted	(0.02)	(0.02)

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

Net cash flow from operating activities	-	(690)
Net cash flow from investing activities	587	2,442
Net cash flow for the period	587	1,752



# Titanium Transportation Group Inc.

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### 6. BUSINESS COMBINATIONS

On July 31, 2023, the Company acquired all the outstanding shares of Crane Transport, Inc. ("Crane"), a truck-based carrier from Oakwood, GA with a satellite terminal in Falkville, AL. This marks the Company's first US acquisition and is consistent with its growth strategy. The Company also separately acquired Crane's head office and satellite terminals, in Oakwood, GA and Falkville, AL, respectively, for \$7.9 million in cash and vendor takeback loan. (collectively, "Crane").

The fair value allocation for the Crane acquisition was based on purchase allocations conducted by management. Management assessed carrying values of the assets and liabilities, reasonability in collection and payment, as well as implied fair market price, if available, for tangible and contractual assets and liabilities. Intangible assets such as Customer Lists and Goodwill are determined by the future value and cashflow to the business unit. The Company has completed the purchase price allocation over the identifiable net assets and goodwill of Crane.

The table below presents the purchase price allocation:

Trade and other receivables	5,734
Current taxes receivable	716
Deferred taxes	875
Property and equipment	48,600
Right of use assets	10,199
Customer List	9,224
Trade and other payables	(5,750)
Loans payable	(16,955)
Finance lease liabilities	(10,199)
Total identifiable net assets	42,444
Total consideration	46,079
Goodwill	3,635
Cash	35,983
Loans payable	10,096
Total consideration transferred	46,079

All goodwill arising from the above business combinations represents expected synergies from combining operations of these entities with the Company and has been allocated to the trucking transportations segment, which represents the lowest level at which goodwill is monitored internally. The goodwill acquired is deductible for tax purposes.

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### 7. FINANCE LEASE RECEIVABLES

During the nine month period ended September 30, 2024, the Company entered into new finance leases totaling \$3.3 million which are receivable over 24 to 72 months with interest rates ranging from 4.75% to 8.00%.

### 8. PROPERTY AND EQUIPMENT

	<b>Land, Buildings and Leaseholds</b>	<b>Furniture and Equipment</b>	<b>Rolling Stock</b>	<b>Total</b>
<b>Cost</b>				
Balances, December 31, 2023	32,133	4,061	234,332	270,526
Other additions	-	-	11,485	11,485
Reacquisition - Rolling stock	-	-	1,562	1,562
Sale of rolling stock relating to finance lease receivables	-	-	(4,875)	(4,875)
Purchase of lease assets	-	-	3,833	3,833
Other disposals	(1,000)	-	(24,843)	(25,843)
Effect of movements in exchange rates	164	4	839	1,007
Balances, September 30, 2024	31,297	4,065	222,333	257,695
<b>Accumulated depreciation</b>				
Balances, December 31, 2023	4,358	3,626	43,339	51,323
Depreciation	817	170	18,729	19,716
Purchase of lease assets	-	-	(1,659)	(1,659)
Other disposals	-	-	(11,441)	(11,441)
Effect of movements in exchange rates	2	-	45	47
Balances, September 30, 2024	5,177	3,796	49,013	57,986
<b>Net carrying amounts</b>				
At December 31, 2023	27,775	435	190,993	219,203
At September 30, 2024	26,120	269	173,320	199,709

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### 9. RIGHT OF USE ASSETS

	Land and Buildings	Furniture and Equipment	Rolling Stock	Total
Balances, December 31, 2023	20,518	1,532	22,674	44,724
Other disposals	-	-	(2,261)	(2,261)
Purchase of lease assets	-	-	(5,709)	(5,709)
Effect of movements in exchange rates	-	-	(176)	(176)
Balances, September 30, 2024	20,518	1,532	14,528	36,578
<b>Accumulated depreciation</b>				
Balances, December 31, 2023	6,521	1,532	5,686	13,739
Depreciation	1,822	-	3,619	5,441
Purchase of lease assets	-	-	(2,394)	(2,394)
Other disposals	-	-	(1,404)	(1,404)
Effect of movements in exchange rates	-	-	1	1
Balances, September 30, 2024	8,343	1,532	5,508	15,383
<b>Net carrying amounts</b>				
At December 31, 2023	13,997	-	16,988	30,985
At September 30, 2024	12,175	-	9,020	21,195

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

	Effective Interest Rate	Net Carrying Amount
Real estate	4.49% - 7.00%	12,175
Rolling stock	2.43% - 10.30%	9,020
		21,195

### 10. GOODWILL AND INTANGIBLES

	Goodwill	Customer Lists	Total
Balances, December 31, 2023	7,970	13,112	21,082
Amortization	-	(1,374)	(1,374)
Effects of movements on exchange rates	-	183	183
Balances, September 30, 2024	7,970	11,921	19,891

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### 11. LONG-TERM DEBT

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

	Effective Interest Rate	Year of Maturity	Carrying Amount
Bank indebtedness	PRIME+0.50%	N/A	9,449
Acquisition loan	PRIME+1.25%	2026	1,750
Loans payable	2.00% - 7.66%	2024-2033	136,566
Finance lease liabilities	0.99% - 10.30%	2024-2031	21,830
			169,595
Current portion			50,777
			118,818

### 12. SHARE CAPITAL

#### Authorized

Unlimited number of common shares with no par value

	Common Shares #	Share Capital \$
<b>Issued</b>		
Balances, December 31, 2023	44,774,905	50,675
Shares issued as part of share purchase plan	502,071	960
Shares issued on exercise of options	3,500	11
Shares repurchase and cancelled	(161,000)	(231)
Balances, September 30, 2024	45,119,476	51,415

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, 693,419 (December 31, 2023 - 570,259) have not vested. During the three month and nine month period ended September 30, 2024, the Company recognized an expense of \$0.2 million and \$0.5 million (2023 - \$0.2 million and \$0.5 million) relating to the Plan, with a corresponding increase to contributed surplus.

# Titanium Transportation Group Inc.

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### 12. SHARE CAPITAL - continued

On October 18, 2023, the Company renewed its normal course issuer bid, allowing the Company to purchase up to 2,236,184 of its common shares (the "NCIB"), representing 5% of its issued and outstanding common shares.

During the nine month period ended September 30, 2024, the Company repurchased 161,000 (2023 - 796,245) common shares at a weighted average price of \$2.29 and a total purchase price of \$368,407. The excess of the purchase price paid over the carrying value of the shares repurchased, totalled \$137,600 and was charged to retained earnings as a share repurchase premium.

During the quarter ended September 30, 2024, dividends of \$0.9 million or \$0.02 per common share (2023 - \$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:

	<b>3 months ended Sept 30 2024</b>	<b>3 months ended Sept 30 2023</b>	<b>9 months ended Sept 30 2024</b>	<b>9 months ended Sept 30 2023</b>
Issued common shares, beginning	44,949,613	44,956,227	44,774,905	45,122,621
Effect of unvested common shares	(676,047)	(512,473)	(631,839)	(498,047)
Effect of issued common shares	84,931	61,546	252,785	215,872
Effect of repurchased common shares	-	(160,600)	(80,500)	(398,123)
Weighted average number of common shares	44,358,497	44,344,700	44,315,351	44,442,323
Dilutive effect of restricted common shares and stock options	1,148,575	1,126,416	1,145,078	1,160,488
Weighted average number of diluted common shares	45,507,072	45,471,116	45,460,429	45,602,811

### 13. CONTRIBUTED SURPLUS

Share-based compensation expense is comprised of the following:

	<b>3 months ended Sept 30 2024</b>	<b>3 months ended Sept 30 2023</b>	<b>9 months ended Sept 30 2024</b>	<b>9 months ended Sept 30 2023</b>
Share purchase plan	166	155	533	462
Stock options	105	96	281	236
	271	251	814	698

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### 13. 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:

	<b>Grant #</b>	<b>Exercise Price</b>
Balances, December 31, 2023	2,851,200	2.06
Issued	377,800	2.55
Exercised	(3,500)	1.50
Balances, September 30, 2024	3,225,500	2.12

Of the total stock options issued during the period, 212,800 (2023 - 260,000) 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 3.31% and 3.74%; iii) the dividend yield will be 3.30%; and iv) expected volatility is 50.85%. Volatility was determined using the Company's trading data from the first day of trading to the date of issuance. Variables used in the Black-Scholes option pricing model are based on highly subjective assumptions and any change in the assumptions can materially affect the fair value estimate.

The following table summarizes information about stock options outstanding as at September 30, 2024:

<b>Exercise Price \$</b>	<b>Options Outstanding #</b>	<b>Weighted Average Remaining Life in years</b>	<b>Options Exercisable #</b>
1.50	1,219,500	2.3	1,141,000
2.25	664,400	8.3	54,800
2.50	215,000	9.1	13,333
2.60	916,600	7.0	311,800
2.85	195,000	1.4	195,000
3.00	15,000	6.8	7,500
2.12	3,225,500	5.3	1,723,433

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### 14. SUPPLEMENTAL CASH FLOW INFORMATION

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

	<b>Cash Flows</b>		<b>Non-Cash Changes</b>		
	<b>Balance Dec 31 2023</b>		<b>New Leases</b>	<b>Reacquired Leases</b>	<b>Balance Sept 30 2024</b>
Finance lease receivables	6,326	(1,855)	3,331	(1,670)	6,132

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

	<b>Cash Flows</b>		<b>Non-Cash Changes</b>		
	<b>Balance Dec 31 2023</b>		<b>New Leases /Loans</b>	<b>Foreign Exchange Movement</b>	<b>Balance Sept 30 2024</b>
Bank indebtedness	20,790	(11,052)	-	(289)	9,449
Acquisition loan	3,625	(1,875)	-	-	1,750
Loan payable	155,325	(20,520)	-	1,761	136,566
Finance lease liabilities	27,465	(5,891)	-	256	21,830
	207,205	(39,338)	-	1,728	169,595

### 15. 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.

	<b>3 months ended Sept 30 2024</b>	<b>3 months ended Sept 30 2023</b>	<b>9 months ended Sept 30 2024</b>	<b>9 months ended Sept 30 2023</b>
Provided truck transportation services to Vision Extrusions Group Limited and Vision Profile Extrusions Ltd., companies under common control	4,835	4,424	13,595	13,070
	4,835	4,424	13,595	13,070

Included in trade and other receivables as at September 30, 2024 is a total of \$3.0 million (2023 - \$2.8 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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### 16. WAGES AND CASUAL LABOUR

Included in wages and casual labour are the following:

	3 months ended Sept 30 2024	3 months ended Sept 30 2023	9 months ended Sept 30 2024	9 months ended Sept 30 2023
Share-based compensation expense	271	251	814	698
Employee benefits	423	570	1,296	1,146
Key management personnel:				
Salaries and benefits	340	507	1,215	1,383
Share-based compensation expense	64	48	169	141

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

### 17. COMMITMENTS AND CONTINGENCIES

- a) As at September 30, 2024, 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.