

Interim Consolidated Financial Statements
Q3 Fiscal 2023

May 31, 2023



TITAN
LOGIX

Notice of No Auditor Review of Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements and related notes for the period ended May 31, 2023, have been prepared by and are the responsibility of management of Titan Logix Corp. The auditors of Titan Logix Corp. have not audited or reviewed these interim condensed consolidated financial statements.

	May 31, 2023 \$	August 31, 2022 \$
ASSETS		
Current assets		
Cash and cash equivalents (note 4)	9,965,876	9,267,106
Short term investments (note 5)	1,820,425	3,500,000
Accounts receivable	821,715	833,508
Inventories	1,574,115	1,301,745
Prepaid expenses	88,850	135,470
Marketable securities (note 6)	970,000	1,503,500
Total current assets	15,240,981	16,541,329
Non-current assets		
Limited recourse capital notes (note 7)	1,737,271	-
Property, plant and equipment	171,669	194,328
Right-of-use assets	140,268	235,988
Intangible assets	397,019	527,637
Total assets	17,687,208	17,499,282
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	667,364	536,843
Income tax payable	7,505	10,380
Current portion of lease obligations (note 8)	139,825	136,415
Total current liabilities	814,694	683,638
Non-current liabilities		
Lease obligations (note 8)	11,951	117,321
Total liabilities	826,645	800,959
Shareholders' equity		
Share capital (note 9)	5,730,279	5,730,279
Contributed surplus	884,797	815,208
Retained earnings	10,245,487	10,152,836
Total shareholders' equity	16,860,563	16,698,323
Total liabilities and shareholders' equity	17,687,208	17,499,282

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

On behalf of the Board

"Grant Reeves"
Director

"Helen Cornett"
Director

	Three months ended		Nine months ended	
	May 31 2023 \$	May 31 2022 \$	May 31 2023 \$	May 31 2022 \$
Revenue	1,627,934	1,292,204	4,652,962	3,004,135
Cost of sales	850,140	578,707	2,239,395	1,331,977
Gross profit	777,794	713,497	2,413,567	1,672,158
Expenses				
General and administration	335,084	285,907	974,286	1,116,690
Marketing and sales	244,856	141,034	662,621	481,454
Engineering	238,055	66,186	459,520	308,908
Depreciation of property, plant and equipment	8,743	9,102	24,888	26,898
Depreciation right-of-use assets	12,613	13,287	39,188	39,862
Amortization of intangible assets	43,579	43,370	130,618	144,831
Loss (gain) on foreign exchange	7,161	7,187	(95,243)	(14,851)
Total expenses	890,091	566,073	2,195,878	2,103,792
Operating earnings (loss) before other items	(112,297)	147,424	217,689	(431,634)
Other items				
Unrealized loss on marketable securities (note 6)	(460,750)	-	(533,500)	-
Unrealized loss on limited recourse capital notes (note 7)	(16,592)	-	(43,599)	-
Finance income (note 10)	179,531	259,810	462,831	547,946
Interest on leases	(2,163)	(3,820)	(7,750)	(12,663)
Loss on impairment of property, plant, and equipment	-	-	(3,020)	-
Total other items	(299,974)	255,990	(125,038)	535,283
Earnings (loss) before income taxes	(412,271)	403,414	92,651	103,649
Income tax expense	-	-	-	-
Earnings (loss) and comprehensive earnings (loss)	(412,271)	403,414	92,651	103,649
Earnings (loss) per share (note 12)				
Basic and diluted	(0.01)	0.01	0.00	0.00

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

	Common Shares #	Share Capital \$	Contributed Surplus \$	Retained Earnings \$	Total Equity \$
Balance, August 31, 2022	28,536,132	5,730,279	815,208	10,152,836	16,698,323
Share-based compensation (note 9 (c))			69,589		69,589
Net earnings	-	-	-	92,651	92,651
Balance, May 31, 2023	28,536,132	5,730,279	884,797	10,245,487	16,860,563

	Common Shares #	Share Capital \$	Contributed Surplus \$	Retained Earnings \$	Total Equity \$
Balance, August 31, 2021	28,536,132	5,730,279	780,708	9,026,975	15,537,962
Share-based compensation (note 9 (c))			34,500		34,500
Net earnings	-	-	-	103,649	103,649
Balance, May 31, 2022	28,536,132	5,730,279	815,208	9,130,624	15,676,111

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

	Three months ended		Nine months ended	
	May 31 2023 \$	May 31 2022 \$	May 31 2023 \$	May 31 2022 \$
Cash provided by (used in)				
Operating activities				
Net earnings (loss)	(412,271)	403,414	92,651	103,649
Non-cash items included in net earnings (loss)				
Interest on leases	2,163	3,820	7,750	12,663
Depreciation of property, plant and equipment	11,038	11,991	31,773	35,853
Depreciation of right-of-use assets	30,795	32,462	95,720	97,388
Amortization of intangible assets	43,579	43,370	130,618	144,831
Unrealized loss on marketable securities (note 6)	460,750	-	533,500	-
Unrealized loss on limited recourse capital notes (note 7)	16,592	-	43,599	-
Share-based compensation (note 9 (c))	26,703	-	69,589	34,500
Loss on impairment of property, plant, and equipment	-	-	3,020	-
Finance income (note 10)	(179,531)	(259,810)	(462,831)	(547,946)
Changes in non-cash operating working capital (note 13)	63,586	(27,064)	(86,311)	(165,967)
Net cash provided by (used in) operating activities	63,404	208,183	459,078	(285,029)
Investing activities				
(Purchase) proceeds on maturity of short term investment (note 5)	(1,820,425)	(3,500,000)	1,679,575	(3,500,000)
Purchase of limited recourse capital notes (note 7)	-	-	(1,780,870)	-
Payments received on investment in secured note	-	3,266,666	-	3,471,666
Finance income received (note 10)	179,531	323,936	462,831	542,124
Purchase of property, plant and equipment	-	-	(12,134)	(950)
Net cash (used in) provided by investing activities	(1,640,894)	90,602	349,402	512,840
Financing activities				
Payment of lease obligation (note 8)	(36,570)	(36,570)	(109,710)	(109,710)
Net cash used in financing activities	(36,570)	(36,570)	(109,710)	(109,710)
Net (decrease) increase in cash and cash equivalents	(1,614,060)	262,215	698,770	118,101
Cash and cash equivalents, beginning of period	11,579,936	9,642,190	9,267,106	9,786,304
Cash and cash equivalents, end of period	9,965,876	9,904,405	9,965,876	9,904,405

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS

Titan Logix Corp. (the “Company”) is a public company incorporated and domiciled in Canada and its common shares trade on the TSX Venture Exchange under the symbol TLA. The head office for the Company is located in Edmonton, Alberta, Canada. The address of the Company’s registered office is #2600 10180 101 Street, Edmonton, AB T5J 3Y2.

For over 25 years, Titan Logix Corp. has designed and manufactured mobile liquid measurement solutions to help businesses reduce risk and maximize efficiencies in bulk liquids transportation. Titan’s TD Series of tank level monitors are a market leader in mobile fluid measurement, and are known for their high level of accuracy, rugged design, and solid-state reliability. Our solutions are designed for hazardous and non-hazardous applications, and we serve customers in a wide range of applications including petroleum, environmental solutions, chemical, and agriculture.

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed consolidated interim financial statements for the nine months ended May 31, 2023 and May 31, 2022 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). They have been prepared in accordance with IAS 34, “Interim Financial Reporting” and do not contain all necessary annual disclosures in accordance with IFRS.

The unaudited condensed consolidated interim financial statements of the Company for the nine months ended May 31, 2023 were authorized for issue in accordance with a resolution of the directors on July 19, 2023.

Principles of consolidation

These unaudited condensed consolidated interim financial statements include the financial statements of Titan Logix Corp. and its wholly owned subsidiary, Titan Logix USA Corp. The financial statements for the subsidiary are prepared for the same reporting period as the parent company using consistent accounting policies. All intercompany transactions and balances have been eliminated in the preparation of these unaudited condensed consolidated interim financial statements.

Functional and presentation currency

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars which is the functional currency of Titan Logix Corp. and its subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements, in all material respects, follow the same accounting policies and method of application as the annual audited consolidated financial statements of the preceding fiscal year. Accordingly, these unaudited condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended August 31, 2022.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

As at	May 31, 2023 \$	August 31, 2022 \$
Cash on hand and balances with banks	732,592	898,664
Guaranteed investment certificates (GICs) and other high interest deposits	9,233,284	8,368,442
	9,965,876	9,267,106

During the nine months ended May 31, 2023, the Company’s investments in GICs and high interest deposits, including its GICs classified as short term investments (note 5), generated finance income of \$431,663 (nine months ended May 31, 2022 - \$70,110) (note 10).

5. INVESTMENTS
Short term investments

As at	May 31, 2023 \$	August 31, 2022 \$
Guaranteed investment certificates (GICs)	1,820,425	3,500,000

Short term investments consist of guaranteed investment certificates (GICs) not cashable on demand, or with original maturities greater than three months.

6. MARKETABLE SECURITIES

Marketable securities consist of shares of publicly traded companies and are reported at their fair market value. The Company's investments at fair market value are as follows:

	Number of shares	May 31, 2023 Fair value \$	Number of shares	August 31, 2022 Fair value \$
Bri-Chem Corp.	2,425,000	970,000	2,425,000	1,503,500

In fiscal 2022, pursuant to its loan participation agreement with Greypoint Capital Inc, and a concurrent transaction with other participants in the loan, the Company acquired 2,425,000 common shares in Bri-Chem Corp. for an investment cost of \$771,250. For the nine months ended May 31, 2023, the Company recorded an unrealized loss of \$533,500 on the marketable securities (nine months ended May 31, 2022 - \$nil, August 31, 2022 - unrealized gain \$732,250).

7. LIMITED RECOURSE CAPITAL NOTES

The Company's investment in limited recourse capital notes (LRCNs) are reported at their fair market value and are as follows:

	Number of units	May 31, 2023 Fair value \$	Number of units	August 31, 2022 Fair value \$
Limited recourse capital notes	1,900,000	1,737,271	-	-

In February 2023, the Company invested \$1,780,870 on 1,900,000 units or \$0.9373 per unit, in limited resource capital notes with an annual interest rate of 4.3%, and an effective rate of 6.72%. Interest is payable semi-annually for the initial period ending but excluding November 15, 2025. The interest will then be reset every five years at a rate equal to the prevailing five-year Government of Canada Yield plus 3.943%. The note matures on November 15, 2080. This investment has been classified as a long-term investment due to its long-term maturity and represents an investment of cash that is not required for current operations and the Company's intention not to liquidate its investment in the short-term. For the nine months ended May 31, 2023, the Company recorded an unrealized loss of \$43,599 on the LRCNs (nine months ended May 31, 2022 - \$nil). During the nine months ended May 31, 2023, the Company's investments in LRCNs generated interest income of \$22,048 (nine months ended May 31, 2022 - \$nil) (note 10).

8. LEASE OBLIGATIONS

The Company has leases and lease liabilities for land, building and office equipment. The leases have been discounted using a 4.95% interest rate.

Lease liabilities

	\$
Balance at August 31, 2022	253,736
Finance costs	7,750
Lease payments	(109,710)
Balance at May 31, 2023	151,776
Lease liabilities due within one year	139,825
Lease liabilities due beyond one year	11,951

9. SHARE CAPITAL
a) Authorized

The Company has authorized an unlimited number of common shares without par value.

b) Issued

The Company has 28,536,132 issued common shares (August 31, 2022 – 28,536,132).

c) Share-based compensation

The Company has a stock option plan for directors, officers, employees and consultants and permits the issue of options to purchase common shares of the Company. Subject to approval by the Board of Directors and the TSX Venture Exchange, a maximum of 3,000,000 (August 31, 2022 – 3,000,000) common shares are reserved for issue under this plan. The number of options and exercise price is set by the Board of Directors of the Company at the time of issue, provided that the exercise price shall not be less than the market price of the common shares on the stock exchange on which such shares are traded. The options issued vest in accordance with vesting schedules determined at the time of grant and may be exercised for a period not longer than five years from the time of issue. Stock based compensation expense is measured at the grant date based on the estimated fair-value of the grant and recognized as an expense over the vesting period in selling, general and administration expenses in the Consolidated Statements of Earnings (Loss) and Comprehensive Earnings (Loss).

On November 24, 2022 350,000 stock options were granted at an exercise price of \$0.51, expire on November 24, 2027, with vesting over a one to five year period. The terms of the stock option grant include vesting terms. These include annual defined performance metrics, certain share price targets and subject to Board discretion and approval. The fair value of each stock option grant was estimated on the grant date using the Black-Scholes pricing model with following weighted average assumptions; an expected life of 5 years, share volatility of 45.7% and a risk free interest rate of 3.32%. The weighted average grant date value of \$0.20 per common share was estimated on November 24, 2022 using the Black-Scholes Option Pricing Model.

Share based compensation of \$69,589 was recorded during the period related to the vesting of options granted August 31, 2022 and November 24, 2022. At May 31, 2023, the Company has 1,300,000 (August 31, 2022 – 950,000) options outstanding, which expire on dates between April 2024 and November 2027. The continuity of the Company's outstanding and exercisable options is as follows:

	Nine months ended May 31, 2023		Twelve months ended August 31, 2022	
	Number of options outstanding #	Weighted average exercise price \$	Number of options outstanding #	Weighted average exercise price \$
Outstanding, beginning of period	950,000	0.52	300,000	0.56
Granted	350,000	0.51	750,000	0.49
Forfeited	-	-	(100,000)	0.57
Outstanding, end of period	1,300,000	0.51	950,000	0.51
Exercisable, end of period	350,000	0.52	350,000	0.52

The following table summarizes information about stock options outstanding and exercisable as at May 31, 2023.

Exercise price	Options outstanding	Average remaining life (in years)	Options vested	Options not vested
\$ 0.57	250,000	0.90	250,000	-
\$ 0.49	50,000	1.66	50,000	-
\$ 0.47	150,000	3.65	150,000	-
\$ 0.50	600,000	4.25	-	600,000
\$ 0.51	350,000	4.49	-	350,000
Total, end of period	1,300,000		350,000	950,000

10. FINANCE INCOME

	Three months ended		Nine months ended	
	May 31,	May 31,	May 31,	May 31,
	2023	2022	2023	2022
	\$	\$	\$	\$
Interest from investments in GICs and other high interest deposits	155,649	36,537	431,663	70,110
Interest from investments in LRCNs	20,929	-	22,048	-
Interest from investment in secured loan	-	222,650	-	473,784
Other interest income	2,953	623	9,120	4,052
	179,531	259,810	462,831	547,946

In fiscal 2022 finance income included interest earned from the Company's investment in a secured loan to Greypoint Capital Inc. As the loan was fully repaid on May 9, 2022 no finance income was earned from the loan for the nine months ended May 31, 2023 (nine months ended May 31, 2022 - \$473,784).

11. NATURE OF EXPENSES

The Company presents certain expenses in the Condensed Consolidated Statements of Earnings (Loss) and Comprehensive Earnings (Loss) by function. The following table presents these expenses by nature.

	Three months ended		Nine months ended	
	May 31,	May 31,	May 31,	May 31,
	2023	2022	2023	2022
	\$	\$	\$	\$
Employee salaries and benefits				
Included in cost of sales	123,787	94,425	362,474	217,293
Included in total expenses	505,700	291,829	1,178,486	1,284,161
Total employee salaries and benefits	629,487	386,254	1,540,960	1,501,454
Depreciation and amortization				
Included in cost of sales	20,477	22,064	63,417	66,481
Included in total expenses	64,935	65,759	194,694	211,591
Total depreciation and amortization	85,412	87,823	258,111	278,072

In fiscal 2022 in response to the COVID-19 pandemic the Company received wage subsidy funding through the Government of Canada's, Canada Emergency Wage Subsidy ("CEWS"). In the nine-month period ended May 31, 2022 payroll expenses were reduced by \$76,281. As the Company's participation in the program ended in the previous fiscal year no payroll reductions were recorded in the nine month period ended May 31, 2023.

12. EARNINGS (LOSS) PER SHARE

The following table sets forth the computation of basic and diluted earnings (loss) per share:

	Three months ended		Nine months ended	
	May 31,	May 31,	May 31,	May 31,
	2023	2022	2023	2022
	\$	\$	\$	\$
Net earnings (loss) (numerator for basic and diluted earnings (loss) per share)	(412,271)	403,414	92,651	103,649
Weighted average number of shares outstanding – basic (denominator for basic earnings (loss) per share)	28,536,132	28,536,132	28,536,132	28,536,132
Effect of dilutive securities Stock options converted to common shares	1,001,452	-	933,019	-
Weighted average number of shares outstanding – diluted (denominator for diluted earnings (loss) per share)	29,537,584	28,536,132	29,469,151	28,536,132

12. EARNINGS (LOSS) PER SHARE (cont'd)

	Three months ended		Nine months ended	
	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
	\$	\$	\$	\$
Basic earnings (loss) per share	(0.01)	0.01	0.00	0.00
Effect of dilutive securities	0.00	-	0.00	-
Diluted earnings (loss) per share	(0.01)	0.01	0.00	0.00

For the nine months ended May 31, 2023, there were 150,000 antidilutive options (2022 – 350,000). The average market value of the Company's shares for purposes of this calculation were based on quoted market prices for the period during which the options were outstanding.

13. CHANGE IN NON-CASH OPERATING WORKING CAPITAL

	Three months ended		Nine months ended	
	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
	\$	\$	\$	\$
Accounts receivable	(128,059)	(76,757)	11,793	(9,268)
Inventories	28,714	(37,314)	(272,370)	(216,934)
Prepaid expenses	(8,199)	82,788	46,620	1,079
Accounts payable and accrued liabilities	174,041	7,106	130,521	62,043
Income tax payable	(2,911)	(2,887)	(2,875)	(2,887)
	63,586	(27,064)	(86,311)	(165,967)

14. RELATED PARTY TRANSACTION
Key Management Personnel Compensation

The Company's key management personnel include its directors and executive. Compensation to key management personnel of the Company for the period was as follows:

	Three months ended		Nine months ended	
	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
	\$	\$	\$	\$
Salaries and short-term employee benefits	172,402	125,221	473,190	372,441
Termination benefits	-	-	-	253,000
Share-based compensation (note 8 (c))	26,703	-	69,589	34,500
	199,105	125,221	542,779	659,941

During the nine months ended May 31, 2023 and 2022, there were no long-term employee benefits or post-employment benefits recognized. Short-term employee benefits consist of salaries, consulting fees, bonuses, director fees, and all other short-term benefits. In fiscal 2022 the Company's participation in the Government of Canada's, CEWS program ended. As a result, no related reductions to salaries for the nine months ended May 31, 2023 were recorded (nine months ended May 31, 2022 - \$7,507).

15. CAPITAL MANAGEMENT

The Company manages its capital to safeguard the Company's ability to continue as a going concern, to provide an adequate return to shareholders, and to preserve the financial flexibility in order to fund growth and expansionary opportunities that may arise. The Company's capital management practices are focused on preserving a solid capital base and a strong statement of financial position. The Company's capital consists of its shareholders' equity which is comprised of issued shares, contributed surplus and retained earnings. The Company is not subject to any externally imposed capital requirements. The Company manages and maintains its capital structure based on current economic conditions. In order to maintain or adjust its capital structure, the Company may attempt to raise additional funds by issuing additional equity securities or assuming additional indebtedness. There were no changes to management's capital management objectives, practices or policies in the period.

As at	May 31, 2023 \$	August 31, 2022 \$
Share capital	5,730,279	5,730,279
Contributed surplus	884,797	815,208
Retained earnings	10,245,487	10,152,836
	16,860,563	16,698,323

16. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, marketable securities, limited recourse capital notes, the prior year's investment in secured loan, accounts payable and accrued liabilities and lease liabilities. The carrying amounts of the current financial assets and current financial liabilities recognized in the Company's consolidated financial statements at the end of the reporting period approximate their fair value due to their short period to maturity. Using the effective interest rate method, the fair value of the secured loan and the lease liability approximate their carrying value as the effective interest rates approximates the market interest rates. The fair value of the LRCNs is determined with reference to quoted market bids provided by a third-party independent dealer in the secondary market, as the LRCNs are not listed on any securities exchange. It has been determined that broker pricing is appropriate for these investments as there is sufficient trading volume to demonstrate that the fair values quotes are appropriate.

17. FINANCIAL RISK MANAGEMENT

The Company is exposed to a number of risks as a result of holding financial instruments. These risks include credit risk, liquidity risk, interest rate, currency and equity price risk. The nature of the financial risks and the Company's strategy for managing these risks has not changed significantly from the prior period. The Company does not use financial derivatives. Estimates of sensitivities and risk exposure measures are included for certain risks, such as the sensitivity due to specific changes in interest rate levels projected and market prices as at the valuation date. Actual results can differ from these estimates.

a) Credit risk

Credit risk arises from the possibility that the entities to which the Company provides services may experience financial difficulty and be unable to fulfill their obligations. Financial instruments that potentially subject the Company to credit risk include cash and cash equivalents, accounts receivable and investment in secured loan. The Company's cash on deposit and short-term investments are held with reputable financial institutions, from which management believes the risk of loss is low. The Company's maximum exposure to credit risk is as indicated by the carrying amount of its cash, cash equivalents, accounts receivable and investment in secured loan. The Company has a credit policy and regularly monitors its credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss. The Company carries out credit evaluations of its customers who receive credit and carries adequate provisions for possible losses arising from credit risk associated with financial assets.

The Company's maximum exposure to credit risk for accounts receivable is the carrying value of its accounts receivable balance at May 31, 2023 of \$832,500 (August 31, 2022 - \$844,293). The Company's allowance for doubtful accounts as at May 31, 2023 amounted to \$10,785 (August 31, 2022 - \$10,785). As at May 31, 2023, the percentages of past due trade accounts receivable were as follows: 6% past due 61 to 90 days (August 31, 2022 - 5%) and 2% past due greater than 90 days (August 31, 2022 - 2%) prior to including the allowance for doubtful accounts. It is management's view that these balances, net of the allowance for doubtful accounts, have a low risk of not being collected.

17. FINANCIAL RISK MANAGEMENT (cont'd)**b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due or to fund the programs and commitments that the Company has planned. The Company manages liquidity risk through management of its capital structure in conjunction with cash flow forecasting including anticipated investing and financing activities. The Company believes that internally generated cash flows and current cash balances will be sufficient to cover its normal operating and capital expenditures for the current fiscal year. The Company's contractual obligations related to financial liabilities are its accounts payable and accrued liabilities balance at May 31, 2023 of \$667,364 and lease obligations of \$151,776 (August 31, 2022 – accounts payable and accrued liabilities of \$536,843 and lease obligations of \$253,736).

c) Interest rate risk

Interest rate risk is the risk that changes in interest rates will cause fluctuations in the fair values or future cash flows of a financial instrument. The Company's exposure to changes to interest rates relates primarily to investments in cash and cash equivalents, LRCNs and in the prior fiscal year, the secured loan. While the Company is exposed to global interest rate fluctuations, it is most affected by fluctuation in Canadian interest rates. At May 31, 2023, based on management's sensitivity analysis, a one-half percent change in market interest rates would have had an impact of approximately \$45,571 (May 31, 2022 – \$44,554) on the Company's net earnings.

Future fair values on the LRCNs depend on many factors, including interest rates, the market for similar securities, and general economic conditions. Prevailing interest rates will affect the fair value of the LRCNs, related future cash flows will not change. Assuming all other factors remain unchanged, the market value of the LRCNs would be expected to decline as prevailing interest rates for similar securities rise and would be expected to increase as prevailing interest rates for similar securities decline. Spreads over the Government of Canada Yield and comparable benchmark rates of interest for similar securities will also affect the market value of the LRCNs.

The Company manages interest rate risk by maximizing the interest earned in excess funds while maintaining the liquidity necessary to maintain day-to-day operating cash flow requirements. The Company typically invests in highly liquid investment grade fixed income securities, with the primary objective of minimizing the potential risk of principal loss.

d) Currency risk

Foreign currency risk arises from fluctuations in the value of foreign currencies and the degree of volatility of these currencies relative to the Canadian dollar. The Company is subject to foreign currency risk in that it has both current assets and liabilities denominated in foreign currencies. It is management's opinion that a change in foreign currency exchange rates could affect the Company's results of operations and cash flows but would not materially impair or enhance its ability to pay its foreign exchange obligations. The Company does not use hedging tools to reduce its exposure to foreign currency risk.

At May 31, 2023, the Company held net financial assets of US\$1,460,596 (May 31, 2022 - US\$1,597,587) that were exposed to foreign exchange risk. Based on the Company's foreign currency exposures, with other variables unchanged, a five percent appreciation/ depreciation in the Canadian dollar would have impacted net earnings by approximately \$99,342 (May 31, 2022 - \$101,031).

e) Equity price risk

The Company is exposed to equity price risk as the result of changes in market conditions and fluctuations in market prices that may affect the market value of its marketable securities and limited recourse capital notes (LRCNs) held for investment purposes. These investments are classified and accounted for as fair value through profit and loss and carried at fair value. The Company is required to measure the fair value of its investment at the end of each reporting period. This process could result in significant write-downs of the Company's portfolio investment over one or more reporting periods, particularly during periods of overall market instability.

At May 31, 2023, the fair value of \$970,000 representing the Company's equity investment in Bri-Chem Corp is subject to equity price risk (May 31, 2022 - \$nil). This investment is listed on the TSX and based on management's market price sensitivity analysis, a five percent improvement/decline in the listed price of Bri-Chem Corp. at the reporting date would have resulted in an approximate \$48,500 unrealized gain/loss recorded to net earnings (May 31, 2022 – \$nil).

The fair value of the LRCNs is determined with reference to quoted market bids provided by third-party independent brokers in secondary markets, as the LRCNs are not listed on any securities exchange and do not have an established trading market. Based on quoted market prices at May 31, 2023 the fair value of the LRCNs was determined to be \$1,737,271.

The Board of Directors is responsible for the management and oversight of its investments. As part of its risk management strategy, extensive corporate governance policies and practices have been applied. The primary investment objective is to optimize the return on surplus cash while preserving the Company's capital and supporting the Company's liquidity requirements.

18. SEGMENTED REPORTING

The Company operates substantially all its activities in one reportable segment, mobile liquid measurement solutions, which include the developing, manufacturing and marketing of mobile liquid measurement solutions. Operating segments are defined as components of the Company for which separate financial information is available that is evaluated regularly by the chief operating decision makers in allocating resources and assessing performance. The chief operating decision maker of the Company is the Chief Executive Officer.

Segmented information is provided on the basis of geographic segments as the Company sells into two primary geographic regions: Canada and the United States.

Revenues	Three months ended		Nine months ended	
	May 31,	May 31,	May 31,	May 31,
	2023	2022	2023	2022
	\$	\$	\$	\$
Canada	497,547	290,904	1,475,536	739,975
United States and other	1,130,387	1,001,300	3,177,426	2,264,160
	1,627,934	1,292,204	4,652,962	3,004,135

For the nine months ended May 31, 2023 revenue from a single customer made up 11% of total revenue in the period and for the nine months ended May 31, 2022, revenue from 3 single customers made up 42% of total revenue in the period (customer 1 – 21%, customer 2 and 3 – 11% each).

At May 31, 2023, all non-current assets were held in Canada.

Corporate Address:

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Edmonton, Alberta, Canada T6E 5P5
Phone: (780) 462-4085; Fax: (780) 450-8369

Exchange Listing:

The Toronto Venture Stock Exchange (TSX-V)
Stock Symbol: TLA

Investor Information:

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Transfer Agent:

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Stock Transfer Services
800, 324 – 8th Avenue SW, Calgary, Alberta, Canada
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Directors:

S. Grant Reeves, BA
Chairperson of the Board

Helen Cornett, CPA, CA
Audit Committee Chairperson

Victor Lee, P.Eng.
Executive Compensation and Corporate Governance
Committee Chairperson

Robert Tasker, BAsC, Engineering, MBA

Officers:

Nicholas Forbes
Chief Executive Officer

Angela Schultz, CPA, CMA
Chief Financial Officer

Auditors:

Kingston Ross Pasnak LLP

www.titanlogix.com