



TITAN LOGIX CORP.

FISCAL 2024 THIRD QUARTER FINANCIAL REPORT

MANAGEMENT'S DISCUSSION & ANALYSIS

For the 3- and 9-month periods ended May 31, 2024

Notice of Reader of Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements and related notes for the period ended May 31, 2024, 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 financials.

This Management's Discussion and Analysis (MD&A) has been prepared by management as of July 17, 2024. It updates the annual MD&A included in our 2023 annual report and should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes for the period ended May 31, 2024, as well as the audited consolidated financial statements and MD&A included in the Company's 2023 annual report for fiscal year ended August 31, 2023. The Company prepares and files its condensed consolidated interim financial statements in Canadian dollars and in accordance with International Financial Reporting Standards (IFRS). This MD&A compares the Company's fiscal 2024 third quarter and nine-months year to date results to the previous year's third quarter and nine-months ended. We have not provided an update where an item is not material or where there has been no material change from the discussion in our annual MD&A.

The condensed consolidated interim financial statements and MD&A for the three-month and nine-month periods ended May 31, 2024 as well as the 2023 annual audited financial statements and MD&A and additional information regarding Titan Logix Corp. are available at www.sedarplus.ca and on the Company's website at www.titanlogix.com. Titan Logix Corp.'s board members and its audit committee have reviewed and approved the discussion in this MD&A.

CAUTIONARY NOTE - FORWARD-LOOKING STATEMENTS

Some of the information contained in this MD&A may contain forward-looking statements. These forward-looking statements may include, among others, statements regarding our plans, costs, objectives or economic performance, or the assumptions underlying any of the foregoing. Forward-looking statements are based on information available at the time they are made, on the date of this report, and should not be read as guarantees of future performance or results as they are subject to risks and uncertainties, many of them beyond our control. We do not undertake any obligation to publicly update or to revise any forward-looking statements except as expressly required by applicable securities laws.

CORPORATE OVERVIEW

Founded in 1979, Titan Logix Corp. ("Titan" or "the Company") is a public company listed on the TSX Venture Exchange and its shares trade under the symbol TLA.

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 is a market leader in mobile liquid measurement, 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. We proudly deliver our mobile tanker solutions to market through partnerships with Original Equipment Manufacturers (OEMs), dealers, and private fleets across Canada, the United States, and Mexico.

Titan currently serves the petroleum, chemical, and water markets with the TD100™ series products (transmitter, probe and display), offering fleet operators accurate level measurement, reliable overfill protection, and a variety of automation, integration, and control capabilities for their tanker truck operations. Titan's core markets include crude oil, used oil and aviation fuel. Building on our years of success in the crude oil market, our strategy is to grow our business into other liquid commodity verticals through investment in market, product, and channel partner development.

NON-IFRS MEASURES

The Company uses certain measures in this MD&A that do not have a standardized meaning as prescribed by IFRS and thus are prohibited from being disclosed in the consolidated financial statements. These measures, which are derived from information reported in the Company's consolidated financial statements, may not be consistent to similar measures presented and disclosed by other reporting issuers. However, management believes that this information provides increased insight into the Company's execution of its strategic plan to address the broader mobile liquid markets.

Management believes that presenting these measures in this MD&A are important to help illustrate underlying trends in its business and its current and past operating performance on more consistent basis, by excluding the impact of certain, non-cash, non-operating or non-recurring balances that it believes does not have a material impact on the Company's core operations. The non-IFRS measures described and presented in this MD&A are EBITDA, Operating EBITDA and Product research and development expenses.

EBITDA and Operating EBITDA

EBITDA and Operating EBITDA is described and presented to assess the operating performance of the Company more clearly excluding the affect of specific non-cash and non-operating items as well as items which are either non-recurring or not directly related to the Company's core operations in management's estimation. Management's measure of EBITDA excludes from the Company's net earnings, the affect of; finance income and interest on leases, income taxes, depreciation and amortization expenses, gains and losses on disposal of assets, unrealized gains and losses on marketable securities and limited recourse capital notes, and non-cash stock-based compensation. Management's measure of Operating EBITDA includes the same adjustments in calculating EBITDA, plus the exclusion of specific product research and development expenses to support strategic growth initiatives.

EBITDA and Operating EBITDA should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of liquidity or cash flows. The Company's method of calculating EBITDA and Operating EBITDA will likely differ from methods by which other companies calculate it and, accordingly, the measure used herein may not be comparable to measures used by other companies.

The table below provides a reconciliation of the Company's EBITDA and Operating EBITDA to the Operating income (loss) before other items per the interim consolidated financial statements for the periods presented:

Fiscal Period Ended	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Operating income (loss) before other items	2,098	(112,297)	(244,791)	217,689
Add: Depreciation and amortization	99,357	85,412	283,118	258,111
Add: Non-cash stock-based compensation	23,532	26,703	54,907	69,589
EBITDA	124,987	(182)	93,234	545,389
Add: Product research and development expenses (1)	285,357	168,845	798,478	322,955
Operating EBITDA	410,344	168,663	891,712	868,344

(1) see reconciliation for product research and development expenses below

Product Research and Development Expenses

In distinguishing between EBITDA and Operating EBITDA, Management excludes the impact of specific product research and development expenses included in the Company's engineering, product research and development expense line reported in its financial statements. The table below, separates recurring engineering expenses required to maintain the current core product line from product research and development expenses on activities to support the Company's diversification and growth into new markets, which are excluded in Management's calculation of Operating EBITDA:

Fiscal Period Ended	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Engineering, product research and development expenses	332,626	274,251	948,759	495,716
Less: Recurring engineering expenses	(47,269)	(105,406)	(150,281)	(172,761)
Product research and development expenses	285,357	168,845	798,478	322,955

FISCAL 2024 Q3 & YTD RESULTS OF OPERATIONS - PRESENTED IN (\$000'S)

	Three months ended				Nine months ended			
	2024	2023	Increase (Decrease)		2024	2023	Increase (Decrease)	
	\$	\$	\$	%	\$	\$	\$	%
Revenue	1,926	1,628	298	18	5,191	4,653	538	12
Cost of sales	(922)	(850)	(72)	8	(2,584)	(2,239)	(345)	15
Gross profit	1,004	778	226	29	2,606	2,414	193	8
Gross margin (%)	52%	48%		4	50%	52%		(2)
Operating EBITDA (1)	410	169	242	143	892	868	23	3
Product research and development expenses (1)	(285)	(169)	(117)	69	(798)	(323)	(476)	147
EBITDA (1)	125	(0)	125	68,774	93	545	(452)	(83)
Net earnings (loss)	(218)	(412)	194	(47)	(378)	93	(471)	(508)
EPS – Basic and Diluted	(0.01)	(0.01)	0.01		(0.01)	0.00	(0.02)	

(1) See non-IFRS measures

RESULTS REVIEW

Revenues and Gross Profit

Revenues increased by \$297,796 in the current fiscal quarter or 18% to \$1,925,730 as compared to \$1,627,934 in the same period of fiscal 2023. Year-to-date, revenues have increased by \$537,605 or 12% to \$5,190,567 compared to \$4,652,962 in fiscal 2023. Revenues from the US market increased by \$374,158 accounting for 68% of the total revenue for the nine months ended, with revenues from the Canadian market increasing by \$163,447 accounting for 32% of total revenues for the current fiscal year which is consistent with allocations for the same period in the 2023 fiscal year. In the fiscal year, sales of the Company's core product line represented 99.4% of the total revenues. The Company's increased revenues are driven by its direct efforts to penetrate new markets and increasing its engagement with end customers in addition to its traditional focus on dealers and OEM's.

Cost of sales as a percentage of revenues decreased by 4% to 48% of revenues in the current quarter compared to 52% in the same period of fiscal 2023. Year-to-date, cost of sales increased by 2% to 50% of revenues compared to 48% of revenues in the comparative period. Starting in the third quarter of fiscal 2023, the Company began to incur higher input costs on key manufacturing inputs with these cost increases continuing into fiscal 2024. Since that time, these increased input costs have gradually started to decrease which accounts for the increase in gross profit margin of 4%, to 52% of revenues in the current quarter compared to 48% in the same period in fiscal 2023. The impact of higher component costs in the first half of the current fiscal year, resulted in a 2% decrease in gross profit to 50% of revenues when compared 52% for the nine-months ended May 31, 2023.

Selling, general and administration expenses

Operating expenses consist of general and administrative expenses and sales and marketing expenses directly associated with the Company's current core business. In the third quarter of fiscal 2024, selling, general administration expenses increased by \$50,968 to \$594,712 or 9% compared to \$543,744 in the same period of fiscal 2023. Year-to-date, selling, general and administration expenses increased by \$122,565 or 8% to \$1,723,276 compared to \$1,600,711 in fiscal 2023. The increase in the third quarter and in the nine-month period was largely due an increase in employee compensation and related costs as compared with the prior period due to transitions within some key management and executive roles as well as certain other general administrative expenses that have increased comparatively over the last fiscal year as the company has grown.

Product research and development expenses

In 2023, the company unveiled a strategic growth plan focused on, updating its core product line, and diversifying its business beyond the crude and used oil segments. This initiative targets identified, addressable, mobile liquid markets, indicating a shift

towards broader market opportunities. Throughout fiscal 2023, the Company commenced these growth initiatives and began to incur costs, which has increased in fiscal 2024.

Product research and development expenses increased by \$116,512 to \$285,357 in the third quarter, compared \$168,845 in the third quarter of fiscal 2023. On a year-to-date basis, product research and development expenses increased by \$475,523 to \$798,478 compared to \$322,955 in fiscal 2023. The increases are primarily from staffing additions, both permanent and contract, to support the product research and development initiatives which include modernization efforts of its existing core product line and the development of new products to diversify its product offering for entry and sustained presence in new mobile liquid markets. During the third quarter, in addition to the product research and development expenses, the Company capitalized \$101,280 of development costs, relating to new product development, increasing the total costs capitalized for the current fiscal year to \$243,160. No amounts were capitalized in fiscal 2023.

As the Company continues to progress on these initiatives, specific eligible costs incurred will be product development in nature and satisfying the necessary criteria for capitalization and amortization over a longer time horizon. When the Company concludes that specific items meet the required criteria, it will capitalize the eligible expenses.

Foreign exchange (gains) and losses

Changes in the value of the Canadian dollar during the period and management of conversion of receipts from U.S. revenue resulted in a gain of \$3,528 on foreign currency exchange in the third quarter of fiscal 2024 compared to a loss of \$7,161 recorded in the same period of 2023. Year-to-date, the Company has recorded a gain of \$38,704 compared to a gain of \$95,243 for the same period of 2023.

Operating EBITDA and EBITDA

Operating EBITDA increased by \$241,681 in the third quarter of fiscal 2024 to \$410,344 compared to \$168,663 in the third quarter of fiscal 2023, largely due to the increase the increase in gross profit. Year-to-date Operating EBITDA has increased slightly by \$23,362 to \$891,706 compared to \$868,344 for the comparative period as the earlier periods ended in fiscal 2024 were impacted by lower gross profit and higher selling, general and administrative expenses.

The Company's EBITDA increased in the third quarter of fiscal 2024 by \$125,169 to \$124,987 compared to an EBITDA loss of \$182 recorded for the third quarter of fiscal 2023, driven by increased revenues and gross profit offset partially by increased product research and development expense. Year-to-date, the Company's EBITDA decreased by \$452,161 to \$93,228 compared to EBITDA of \$545,389 in the same period of fiscal 2023 primarily due to increased product research and development expenditures necessary to execute its strategic growth initiatives.

Other non-operating items

Other non-operating items are primarily two classes: unrealized gains (losses) on fair value changes in financial instruments, and realized gains (losses) on finance income (expense) from investments or lease payments, gains (losses) from disposals of property, plant, and equipment and stock-based compensation expense. Amounts reported in these categories are independent from the normal operations of the Company.

The Company acquired shares of Bri-Chem in August 2022 at a cost of \$771,250 (34 cents/share) through the exercise of Purchase Warrant Options. Bri-Chem's market price has declined since the purchase which has been the primary source of the unrealized losses, specifically \$424,175 in the current fiscal quarter and \$460,750 in the third quarter of fiscal 2023. In the current fiscal quarter this unrealized loss was offset but small gains of \$35,245 from other financial instruments while the comparative fiscal quarter had additional unrealized losses of \$16,592. Year-to-date, the Company has recorded an unrealized loss of \$625,432 compared to an unrealized loss of \$577,099 recorded in fiscal 2023.

As noted above, the unrealized loss in the current fiscal year was primarily driven by a loss of \$727,500 recorded on the shares of Bri-Chem due to a decline in the market price per share of Bri-Chem's shares to \$0.18 per share versus \$0.48 per share at the end of the 2023 fiscal year. This loss was partially offset by a gain in the fair value of the LRCN's the Company holds in the amount of \$102,062. In the comparative period of fiscal 2023, the Company recorded an unrealized loss of \$533,500 on the shares it holds of Bri-Chem as the market share price decreased by \$0.22 to \$0.40 per share from \$0.62 at the end of fiscal 2022 and an additional \$43,599 unrealized loss on the LRCN's.

The Company recorded finance income of \$182,552 in the current fiscal quarter, compared to \$179,531 in the comparative quarter of fiscal 2023. Year-to-date, the Company recorded finance income of \$534,472 compared to \$462,831 through the same period of fiscal 2023. The increase in finance income of \$2,991 in the quarter and \$71,641 year-to-date, is driven by increasing interest rates realized on various GIC's or other short-term investment products in the current fiscal quarter and year as compared to the same periods in fiscal 2023.

SUMMARY OF QUARTERLY RESULTS

(\$000's, except per share amount)

Fiscal year	2024			2023				2022
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	1,926	1,751	1,514	1,561	1,628	1,522	1,503	1,324
Gross profit	1,004	823	780	670	778	799	837	721
Gross margin	52%	47%	52%	43%	48%	52%	56%	54%
Operating EBITDA	410	275	206	(71)	(125)	235	360	288
EBITDA	125	28	(60)	(270)	(1)	200	346	288
Net earnings (loss)	(218)	245	(404)	(10)	(412)	90	415	1,022
EPS – Basic and Diluted	(0.01)	0.01	(0.02)	(0.00)	(0.01)	-	0.01	0.04

FINANCIAL CONDITION AND LIQUIDITY

The Company's principal cash requirements are for ongoing operating costs, working capital and product development costs. The Company intends to fund its liquidity needs primarily from cash flow from operations and when necessary, from cash on hand. Management continues to work on maintaining an optimal inventory level and the timely collection of accounts receivable to minimize its working capital requirements. The Company expects that current cash balances and funds from operations will be sufficient in the near-term to meet anticipated obligations and to fund intended capital expenditures and product development. As needed, the Company will assess and select banking relationships and funding mechanisms for long term growth including R&D projects, expansion of sales channels and corporate development activities.

Total assets of the Company were \$18,024,808 on May 31, 2024, as compared to \$18,347,317 on August 31, 2023. Cash and short-term investments increased by \$14,758 to \$11,606,565. Accounts receivable increased by \$344,001 and inventories increased by \$24,858. Total liabilities increased by \$945. As at May 31, 2024, Titan had positive working capital (current assets less current liabilities) of \$14,027,849 compared to \$14,536,282 on August 31, 2023.

Summary of Cash Flows

Operating Activities

Net cash flows used in operating activities for the nine-month fiscal period totalled \$134,045 compared to \$459,078 cash flows from operating activities in the comparative period. This decrease in cash flows generated in operating activities is primarily due to the decrease in net earnings, partially offset by changes in non-cash operating working capital accounts.

Non-cash working capital generated or consumed is largely a result of the timing of cash receipts and payments in the normal course of business. Non-cash working capital used in the amount of \$227,279 in the nine-month fiscal period is largely a result of an increase in receivables, inventories and accounts payable offset in part by decreases prepaid expenses. This compares with non-cash working capital used in the comparable period in the amount of \$86,311, largely a result of cash used to increase inventory levels to meet customer requirements offset by cash received or generated from lower receivables and prepaid expenses and higher payables.

Investing Activities

Net cash flows used in investing activities for the nine-month fiscal period totalled \$2,415,406 resulting mainly from \$2,679,575 of cash invested in GICs that are not cashable within 90 days, deferred development costs of \$243,160 and \$27,142 to purchase

capital equipment offset by finance income earned of \$534,472. Cash flows generated of \$349,402 in the comparative prior period were the result of finance income earned of \$462,831 and the maturity of a \$3,500,000 GIC offset partially by \$1,780,870 used to acquired limited recourse capital notes, \$1,820,425 of cash invested in GICs that were not cashable within 90 days and capital equipment purchases of \$12,134.

CONTRACTUAL OBLIGATIONS & OFF-BALANCE SHEET ARRANGEMENTS

The Company has no commitments for future capital assets and its only financial obligations are operating leases for office equipment, vehicles, office spaces and its manufacturing facility. The Company does not have any off-balance sheet arrangements for the periods presented in this MD&A.

OUTSTANDING SHARE DATA

Titan Logix Corp. has authorization to issue an unlimited number of common shares with no par value. The common shares of the Company trade on the TSX Venture Exchange under the symbol "TLA".

	31-May-24	31-Aug-23	31-Aug-22
Common shares issued and outstanding	28,536,132	28,536,132	28,536,132
Options outstanding	1,500,000	1,300,000	950,000
Fully diluted shares outstanding	30,036,132	29,836,132	29,486,132

On November 21, 2023, 200,000 stock options were granted at an exercise price of \$0.50, an expiry date of November 20, 2028, vesting over a period from 1 year to 4 years, provided defined performance metrics and certain share price targets are achieved. The weighted average grant date fair value of \$0.22 was estimated on November 21, 2023, using the Black-Scholes pricing model. Stock based compensation of \$31,375 was recorded during the period related to the vesting of options granted on August 31, 2022, November 24, 2022, and November 21, 2023.

BUSINESS OUTLOOK

The third quarter sales results were primarily driven by strong demand from the crude oil market segment. We are seeing a good mix of new construction and retrofits, where fleets are upgrading from legacy products to the TD100™ and Finch II-W with Bluetooth capability. The balance of sales activity in the quarter came from the Used Oil segment and new market opportunities in Refined Fuels and Lubricants. Looking ahead into the fourth quarter, we are expecting a similar level of demand from our core markets, with several pilot opportunities closing in the Refined Fuels segment.

We continue the execution of our strategic growth plan, which focuses on deploying Titan's resources in 3 key areas:

- Product and market development to diversify Titan's business into identified, addressable, mobile liquid markets outside of the crude and used oil segments.
- Develop a cloud-connected product offering to bring new value to existing customers of the TD series products, and a differentiated offering to adjacent markets.
- Evaluate investment, and acquisition opportunities that align with Titan's strategic roadmap.

In the third quarter we completed 2 pilot trials in the Refined Fuels market segment. In the fourth quarter we are expecting to close 4 additional pilot trials. Each pilot trial is expected to take 3-5 months, equipping 1-5 trucks with Titan TD100™ system and Titan's Rack Control Module (RCM). The objectives of these pilot trials are to gain customer confidence, prevent overfill risk and demonstrate the benefits of continuous tank level monitoring in tanker trunks:

- By reliably measuring and displaying the liquid level across multiple compartments in real time, thereby eliminating the need for operators to climb the tanks to manually measure retained product, and
- By offering a more reliable and flexible overfill protection system. The TD100™ system, paired with Titan's RCM enable customers to load at the rack and at non-rack monitored sites using the same process, a capability that is unique to Titan.

We expect that upon successful completion of a pilot trial, a customer will spec the Titan TD100™ system onto new fleet builds resulting in a recurring revenue stream in future years. Our objective is to successfully complete 20 pilot trials per year in the Refined Fuels market to achieve the revenue targets in our long-term strategic plan.

As part of our technology modernization strategy, we are conducting pilot trials with T-Connect, Titan's first mobile application that works on iOS and Android devices. T-Connect is a software tool that will drive adoption of the TD100™ system in new and existing market segments. We increased the number of active pilots from 8 to 14 in the third quarter. T-Connect serves to:

- Enable remote firmware updates and diagnostics, reducing customer downtime,
- Enhance the user experience, providing better visibility into loading and unloading operations, and
- Function as a remote display, displaying real-time levels in every compartment.

Our investment strategy is to commit the necessary resources to penetrate new mobile liquid market segments, and the development of value-added products and software solutions to these market segments. The Company invests its non-operating cash reserves in conservative interest-bearing accounts and marketable securities. Acquisition opportunities are considered where it complements our growth strategy or enables the monetization of our connected strategy.

BUSINESS RISKS AND UNCERTAINTIES

Titan Logix Corp. faces risks that have the potential of affecting its financial condition, results of operations and cash flow. The Board and management of the Company take prudent measures to mitigate risks which may affect the Company. The Company's sales are substantially derived from one product line and as a result, a sudden or sustained decline in demand for, or production of, the product could have a material adverse effect on the Company's financial condition and results of operations. Events which could cause a drop in demand include industry factors, market economic conditions, competition and impact of pandemics as described in the Company's business risks and uncertainties in its 2023 annual report. Events that could cause an interruption in the Company's ability to produce the product include supply shortages and proprietary protections. A complete discussion of business risk factors faced by the Company can be found in the "Business Risks and Uncertainties" section of the MD&A portion of its 2023 annual report.