Interim Consolidated Financial Statements

Q1 Fiscal 2024

November 30, 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 November 30, 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.

TITAN LOGIX

Condensed Consolidated Interim Statements of Financial Position

(unaudited)

	November 30, 2023 $	August 31 2023 $
ASSETS		
Current assets		
Cash and cash equivalents (note 5)	**8,397,498**	9,771,382
Short term investments (note 6)	**3,280,696**	1,820,425
Accounts receivable	**800,325**	935,702
Inventories	**1,410,598**	1,432,323
Prepaid expenses	**148,230**	200,742
Marketable securities (note 7)	**739,625**	1,164,000
Total current assets	**14,776,972**	15,324,574
Non-current assets		
Limited recourse capital notes	**1,746,138**	1,733,870
Property, plant and equipment	**164,218**	167,176
Right-of-use assets	**735,247**	768,169
Intangible assets	**367,576**	353,528
Total assets	**17,790,151**	18,347,317
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**543,362**	685,606
Income tax payable	**6,421**	6,421
Current portion of lease obligations	**103,642**	96,265
Total current liabilities	**653,425**	788,292
Non-current liabilities		
Lease obligations	**651,579**	681,476
Total liabilities	**1,305,004**	1,469,768
Shareholders' equity		
Share capital	**5,730,279**	5,730,279
Contributed surplus	**923,266**	911,500
Retained earnings	**9,831,601**	10,235,770
Total shareholders' equity	**16,485,146**	16,877,549
Total liabilities and shareholders' equity	**17,790,151**	18,347,317

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

On behalf of the Board

"Helen Cornett"
Director

"Grant Reeves"
Director

TITAN LOGIX

Condensed Consolidated Interim Statements of Net and Comprehensive Earnings (Loss)

(unaudited)

For the three months ended November 30,	**2023**	2022
	$	$
Revenue	**1,513,858**	1,503,120
Cost of sales	**733,840**	666,499
Gross profit	**780,018**	836,621
Expenses		
Selling, general and administrative expenses	**593,804**	524,199
Engineering, product research and development expenses	**314,607**	81,361
Depreciation of property, plant and equipment	**8,358**	8,347
Depreciation of right-of-use assets	**12,552**	13,288
Amortization of intangible assets	**43,579**	43,454
(Gain) loss on foreign exchange	**(34,629)**	(76,823)
Total expenses	**938,271**	593,826
Operating income (loss) before other items	**(158,253)**	242,795
Other items		
Unrealized gain (loss) on marketable securities	**(424,375)**	48,500
Unrealized gain (loss) on limited recourse capital notes	**12,268**	-
Finance income (note 8)	**180,418**	126,392
Interest on leases	**(13,480)**	(3,002)
Loss on impairment of property, plant and equipment	**(747)**	-
Total other items	**(245,916)**	171,890
Earnings (loss) before income taxes	**(404,169)**	414,685
Income tax expense	**-**	-
Net and comprehensive earnings (loss)	**(404,169)**	414,685
Earnings (loss) per share (note 10)		
Basic and diluted	**(0.01)**	0.01

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

	Common Shares #	Share Capital $	Contributed Surplus $	Retained Earnings $	Total Shareholders' Equity $
Balance at August 31, 2023	28,536,132	5,730,279	911,500	10,235,770	**16,877,549**
Share-based compensation	-	-	11,766	-	**11,766**
Net loss	-	-	-	(404,169)	**(404,169)**
Balance at November 30, 2023	28,536,132	5,730,279	923,266	9,831,601	**16,485,146**

	Common Shares #	Share Capital $	Contributed Surplus $	Retained Earnings $	Shareholders' Equity $
Balance at August 31, 2022	28,536,132	5,730,279	815,208	10,152,836	**16,698,323**
Share-based compensation	-	-	16,183	-	**16,183**
Net earnings	-	-	-	414,685	**414,685**
Balance at November 30, 2022	**28,536,132**	**5,730,279**	**831,391**	**10,567,521**	**17,129,191**

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

Condensed Consolidated Interim Statements of Cash Flows

(unaudited)

For the three months ended November 30,	**2023**	2022
	$	$
Cash provided by (used in)		
Operating activities		
Net earnings	**(404,169)**	414,685
Non-cash items included in net earnings (loss)		
Interest on leases	**13,480**	3,002
Depreciation of property, plant and equipment	**10,208**	10,642
Depreciation of right-of-use assets	**32,923**	32,463
Amortization of intangible assets	**43,579**	43,454
Unrealized loss (gain) on marketable securities	**424,375**	(48,500)
Loss on disposal of property, plan and equipment	**747**	-
Unrealized gain on limited recourse capital notes	**(12,268)**	-
Share-based compensation	**11,766**	16,183
Finance income (note 8)	**(180,418)**	(126,392)
Changes in non-cash working capital (note 11)	**67,370**	(320,704)
Net cash provided from operating activities	**7,592**	24,833
Investing activities		
Proceeds (purchase) of short term investment	**(1,460,271)**	3,500,000
Finance income received (note 8)	**180,418**	126,392
Investment in intangible assets	**(57,627)**	-
Purchase of property, plant and equipment	**(7,996)**	(9,934)
Net cash provided by (used in) investing activities	**(1,345,476)**	3,616,458
Financing activities		
Payment of lease obligation	**(36,000)**	(36,570)
Net cash used in financing activities	**(36,000)**	(36,570)
Net (decrease) increase in cash and cash equivalents	**(1,373,884)**	3,604,721
Cash and cash equivalents, beginning of period	**9,771,382**	9,267,106
Cash and cash equivalents, **end of period**	**8,397,498**	12,871,827

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 three months ended November 30, 2023 and November 30, 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 three months ended November 30, 2023 were authorized for issue in accordance with a resolution of the directors on January 17, 2024.

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.

Comparative figures

Certain prior year balances have been reclassified to conform with current period presentation.

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, 2023.

4. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT

The Company's financial instruments consist of cash and cash equivalents, short term investments, accounts receivable, marketable securities, limited recourse capital notes, 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 lease liability approximates the 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.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

As at	**November 30, 2023 $**	August 31 2023 $
Cash on hand and balances with banks	**671,415**	286,662
Guaranteed investment certificates (GICs) and other high interest deposits	**7,726,082**	9,484,720
	8,397,498	9,771,382

6. SHORT TERM INVESTMENTS

As at	**November 30, 2023 $**	August 31 2023 $
Guaranteed investment certificates (GICs)	**3,280,696**	1,820,425
	3,280,696	1,820,425

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

7. 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	**November 30, 2023 Fair Value** $	Number of Shares	August 31 2023 Fair Value $
Bri-Chem Corp.	**2,425,000**	**739,625**	2,425,000	1,164,000
	2,425,000	**739,625**	2,425,000	1,164,000

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 three months ended November 30, 2023, the Company recorded an unrealized loss of $424,375 (three months ended November 30, 2022, unrealized gain - $48,500) attributable to changes in the fair value of the shares of Bri-chem.

8. FINANCE INCOME

For the three months ended November 30,	**2023**	2022
	$	$
Interest from investments in GICs and other high interest deposits	**153,904**	122,989
Interest from investments in LRCNs	**20,018**	-
Other interest income	**6,496**	3,403
	180,418	126,392

9. 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.

For the three months ended November 30,	**2023**	2022
	$	$
Employee salaries and benefits		
Included in cost of sales	**118,075**	114,023
Included in total expenses	**545,210**	289,106
Total employee salaries and benefits	**663,285**	403,129
Depreciation and amortization		
Included in cost of sales	**22,221**	21,470
Included in total expenses	**64,489**	65,089
Total depreciation and amortization	**86,710**	86,559

10. EARNINGS (LOSS) PER SHARE

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

For the three months ended November 30,	**2023**	2022
	$	$
Net earnings (loss)	**(404,169)**	414,685
Weighted average number of shares outstanding - basic	**28,536,132**	28,536,132
Effect of dilutive securities		
Stock options converted to common shares	**-**	144,251
Weighted average number of shares outstanding - diluted	**28,536,132**	28,680,383
Basic earnings (loss) per share	**(0.01)**	**0.01**
Effect of dilutive securities	**0.00**	0.00
Diluted earnings (loss) per share	**(0.01)**	0.01

For the three months ended November 30, 2023, all options were antidilutive (2022 – 1,500,000). 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.

11. CHANGE IN NON-CASH OPERATING WORKING CAPITAL

For the three months ended November 30,	**2023**	2022
	$	$
Accounts receivable	**135,377**	(3,829)
Inventories	**21,725**	(208,233)
Prepaid expenses	**52,512**	32,261
Accounts payable and accrued liabilities	**(142,244)**	(140,903)
	67,370	(320,704)

12. RELATED PARTY TRANSACTIONS

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:

For the three months ended November 30,	**2023**	2022
	$	$
Salaries and short-term employee benefits	**215,763**	120,896
Share-based compensation	**11,766**	16,183
	227,529	137,079

During the three months ended November 30, 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.

13. 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

For the three months ended November 30,	**2023**	2022
	$	$
Canada	**460,238**	518,096
United States and other	**1,053,620**	985,024
	1,513,858	1,503,120

For the three months ended November 30, 2023 revenue from a single customer made up 15% of total revenue in the period and for the three months ended November 30, 2022, revenue from a single customer made up 17% of total revenue in the period.

At November 30, 2023, all non-current assets were held in Canada.

TITAN LOGIX

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Exchange Listing:

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

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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

Michael Martin, CPA, CA
Chief Financial Officer

Auditors:

Kingston Ross Pasnak LLP

www.titanlogix.com