

Management's Discussion and Analysis Fiscal 2023

August 31, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) has been prepared by management as of November 15, 2023. The MD&A provides readers with an understanding of the vision of Titan Logix Corp. ("Titan" or "the Company"), its business strategy and core purpose and compares Titan's 2023 financial results with the previous year. The following MD&A of the consolidated results of operations, financial position, and changes in cash flows should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes for the year ended August 31, 2023. The Company prepares and files its consolidated financial statements in Canadian dollars and in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements and MD&A, as well as additional information regarding Titan Logix Corp., are available at www.sedar.com and on the Company's website at www.titanlogix.com. Titan Logix Corp.'s board members and its audit committee have reviewed and approved this MD&A narrative.

NOTICE TO READER – FORWARD LOOKING INFORMATION

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.

SELECTED ANNUAL FINANCIAL INFORMATION

Years ended August 31 (audited)	2023 \$	2022 \$	2021 \$
Revenue	6,214,348	4,328,588	3,533,624
Operating loss before other items	(165,287)	(225,660)	(850,315)
Net earnings (loss) before income taxes	82,934	1,125,861	(211,786)
Net earnings (loss)	82,934	1,125,861	(227,357)
EPS – Basic and diluted	0.00	0.04	(0.01)
Total assets	18,347,317	17,499,282	16,273,707
Long-term liabilities	681,476	117,321	253,736

2023 HIGHLIGHTS

- Revenues for fiscal 2023 increased 44% over the comparative prior year and 76% off the pandemic low in fiscal 2021. Tanker OEMs are at peak production capacity resulting in elevated demand for the Company's core product line. Revenues for fiscal 2023 were \$6,214,348, compared with \$4,328,588 in the previous year, resulting in a \$1,885,760 increase. The backlog for new tanker builds in crude oil, recycled oil, and aviation refueling sectors is anticipated to be a source of continued revenue.
- Gross profit for fiscal 2023 improved 29% to \$3,083,652 or 50% of revenue compared to \$2,392,764 or 55% of revenue for fiscal 2022. The \$690,888 improvement in gross profit was the result of greater volume of sales offset by an increase in unit manufacturing input costs due to inflationary price increases in components.
- Total expenses in fiscal 2023 increased by \$630,515, or 24%, to \$3,248,939 as compared with \$2,618,424 in fiscal 2022. Increased expenses were \$258,000 to support increased activity in our core markets and \$372,000 towards developing products for new markets. Increased spending was primarily in employee related costs. During fiscal 2023 engineering activities included development and launch of the multi-compartment Finch II to address a common configuration in recycled oil and refined fuels market. The Company's sales and marketing spending was primarily focused on servicing our core markets and gaining inroads to new markets for the Company's product line.
- In fiscal 2023, the Company reported an operating loss before other items of \$165,287 compared to an operating loss of \$225,660 in fiscal 2022. Excluding the aforementioned development costs, the Company would have reported an operating profit before other items in the fiscal year.
- Net earnings after other items and income taxes for fiscal 2023 amounted to \$82,934 compared to net earnings after taxes of \$1,125,861 in fiscal 2022. This reduction in net earnings was largely due to the recording of a \$339,500 unrealized loss on the investment in Bri-Chem Corp. common shares compared with an unrealized gain of \$732,250 in fiscal 2022, for a combined year-over-year impact of \$1,071,750 on net earnings. The Company invested \$771,250 in fiscal 2022 on Bri-Chem Corp common shares and based on the market price as of August 31, 2023 the fair value of its investment in Bri-Chem Corp shares was \$1,164,000.

FISCAL 2023 OPERATING RESULTS

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

	Three months ended August 31				Year ended August 31			
	2023	2022	Increase (Decrease)		2023	2022	Increase (Decrease)	
	\$	\$	\$	%	\$	\$	\$	%
Revenue	1,561	1,324	237	18	6,214	4,329	1,886	44
Cost of sales	891	604	287	48	3,131	1,936	1,195	62
Gross profit	670	721	(51)	(7)	3,084	2,393	691	29
Gross margin (%)	43%	54%		(9)	50%	55%		(5)
Expenses								
General and administration	395	333	61	18	1,369	1,450	(81)	(6)
Marketing and sales	318	158	160	101	981	640	341	53
Engineering	271	38	232	606	730	347	383	110
Depreciation and amortization	65	66	(1)	(2)	260	278	(18)	(6)
(Gain) loss on foreign exchange	4	(81)	86	(106)	(91)	(96)	5	(5)
Total expenses	1,053	515	538	105	3,249	2,618	631	24
Unrealized (loss) gain on securities/ LRCNs	191	732	(542)	(74)	(387)	732	(1,119)	(153)
Finance income	184	92	93	101	647	640	8	1
Other items	(2)	(8)	6	(77)	(13)	(20)	8	(38)
Income tax	-	-	-		-	-	-	
Net earnings	(10)	1,022	(1,032)	(101)	83	1,126	(1,043)	(93)
EPS – Basic and Diluted	(0.00)	0.04	(0.04)		0.00	0.04	(0.04)	

SUMMARY OF QUARTERLY RESULTS

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

Fiscal year	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	1,561	1,628	1,522	1,503	1,324	1,292	1,088	624
Gross profit	670	778	799	837	721	713	629	330
Operating income (loss) before other items and income taxes	(383)	(112)	87	243	206	147	(275)	(304)
Net earnings (loss) before income taxes	(10)	(412)	90	415	1,022	403	(137)	(163)
Net earnings (loss)	(10)	(412)	90	415	1,022	403	(137)	(163)
EPS – Basic and Diluted	0.00	(0.01)	0.00	0.01	0.04	0.01	(0.00)	(0.01)

Quarterly financial data is derived from the Company's consolidated financial statements and is prepared in accordance with IFRS.

RESULTS OF OPERATIONS**Revenue and gross profit**

The Company's revenue in the current fiscal year increased by \$1,885,760 or 44% to \$6,214,348, as compared to \$4,328,588 in fiscal 2022. In the fourth quarter of the fiscal year, revenues increased by \$236,933 or 18% to \$1,561,386 compared to \$1,324,453 reported in the fourth quarter of fiscal 2022. The increase in revenue in the fourth quarter and fiscal year was primarily due to the increase in demand of the Company's core product line as delivery rates for new tanker builds increased at the OEM level across the crude oil, recycled oil, and aviation refueling sectors. Sales of the Company's core product line accounted for 99% of all revenues in fiscal 2023 versus 97% in fiscal 2022.

In fiscal 2023 \$1,148,594 or 61% of revenue growth was from Canadian customers with the remaining 39% from US customers. In the fourth quarter of fiscal 2023, the revenue growth of \$236,933 included \$413,033 from Canadian customers offset by a decrease of revenues from US customers of \$176,100.

Gross profit in the current fiscal year increased by \$690,888 to \$3,083,652, or 50% of sales, compared with \$2,392,764, or 55% of sales for the prior fiscal year. This increase in gross profit year-over-year was due to the increase in unit sales, offset by higher input costs which was reflected in the lower gross margin. In the fourth quarter of the fiscal year gross profit decreased by \$50,521 to \$670,085, or 43% of sales, compared to \$720,606, or 54% of sales, in the previous quarter of 2022. The decrease in the fourth quarter is due to lower margin sales mix combined with inflationary cost increases in components. Additionally, specific to the fourth quarter was an increase in inventory impairments to \$64,934 compared with inventory impairments of \$16,870 in the comparative prior period.

Expenses - general and administration

General and administrative expenses (G&A) for fiscal 2023 decreased by \$80,986 or 6% to \$1,369,047, from \$1,450,033 recorded in fiscal 2022. In the fourth quarter G&A expenses increased by \$61,417 or 18% to \$394,761 compared to \$333,344 in 2022. The year-over-year decrease reflects \$303,000 of one-time executive termination costs and transaction fees related to the Bri-Chem common share warrants purchase recorded in the first half of fiscal 2022. G&A expenses excluding the one-time expenses increased \$222,014 over the prior year due to greater travel costs, stock-based compensation and executive recruitment costs incurred in the current year. The increase in the fourth quarter was due to one-time costs related to the CFO transition.

Expenses – marketing and sales

Marketing and sales expenses increased by \$341,413, or 53% to \$980,995 in fiscal 2023 from \$639,582 recorded in fiscal 2022 as a result of the Company adding resources to support greater sales activity. In the fourth quarter, marketing and sales expenses were \$318,374, an increase of \$160,246 over the comparable period of \$158,128. In 2023 the Company increased spending on sales staff, travel and tradeshow activities, digital advertising and increased training and support for dealers and OEMs to improve the end customer experience. As a percentage of revenue, marketing and sales expenses were 16% for fiscal 2023 as compared to 15% for fiscal 2022.

Expenses - engineering

Engineering expenses increased by \$382,783 to \$730,030 in fiscal 2023, from \$347,247 recorded in fiscal 2022 as the Company staffed product and engineering capabilities to execute its strategic objectives in new markets. In the fourth quarter, engineering expenses increased to \$270,510 from \$38,339 in the fourth quarter of fiscal 2022 when staffing was at its lowest level. The year-over year and fourth quarter increase as compared to the prior fiscal periods is primarily due to increased compensation expenses due to staffing additions combined with engineering consulting services, investments necessary to execute on Titan's strategic growth plan, which includes product and software development.

During the fiscal year engineering efforts were focused on maintaining the Company's existing core product line, development and launch of the multi-compartment Finch II, which expands Titan's offering to tankers with more than two storage compartments, a common configuration in recycled oil and refined fuels market and research and feasibility activities for new product development initiatives. The Finch II was upgraded to include wireless communications to enable Titan's digital strategy in the coming years.

Expenses - depreciation and amortization

Depreciation and amortization expense in fiscal 2023 declined slightly to \$344,599 compared to \$366,059 in fiscal 2022. Depreciation and amortization expenses in fiscal 2023 included \$259,619 in operating expenses and \$84,980 in cost of sales. This compares with \$277,513 included in operating expense and \$88,546 included in cost of sales in fiscal 2022.

In the fourth quarter, depreciation and amortization expenses totalled \$86,487, a small decrease from the fourth quarter 2022 expense which totalled \$87,986. Fourth quarter expenses included \$64,925 recorded in operating expenses and \$21,562 recorded in cost of sales, as compared with, \$65,922 recorded in operating expenses and \$22,064 recorded in cost of sales in the fourth quarter of fiscal 2022. The depreciation and amortization expenses recorded in fiscal 2023 and the fourth quarter were in line with management's expectations.

Expenses - foreign exchange

The Company realizes for foreign exchange gains and losses through both the completion of transactions in foreign currencies and from the subsequent revaluation of these transactions through the revaluation of monetary assets and liabilities denominated in foreign currencies. Foreign currency transactions are translated into Canadian dollars using the exchange rate prevailing at the date of the transaction or when items are remeasured with resulting gains and losses subsequently recognized.

In fiscal 2023 the Company recorded a foreign exchange gain of \$90,752 compared to a gain of \$95,951 in fiscal 2022. In the fourth quarter of 2023, the Company recorded a foreign exchange loss of \$4,491 versus a gain of \$81,100 in the fourth quarter of 2022.

Operating loss before other items

In fiscal 2023, operating loss before other items and income taxes was \$165,287 as compared to an operating loss before other items and income taxes of \$225,660 for fiscal 2022. The slight improvement in the operating loss in the fiscal year was primarily due to the increase in revenue and gross profit largely offset with an increase in total expenses.

In the fourth quarter the operating loss before other items and income taxes was \$382,976 as compared to an operating income before other items and income taxes of \$205,974 for the comparative prior period. The operating loss in the fourth quarter was due to lower gross margins, increased staffing, and one-time expenses. In the fourth quarter unit cost increases largely offset the growth in revenue and the decrease in the operating income in the current quarter was primarily due to the gross margin contraction combined with an increase in total expenses.

Other items

In fiscal 2023 other items decreased by \$1,103,300 to \$248,221 as compared with \$1,351,521 recorded in fiscal 2022. This decrease in other items is largely due to the impact of the unrealized loss recorded on the Bri-Chem Corp. common shares as compared to an unrealized gain recorded in fiscal 2022. In the 2023 fiscal year the company has recorded an unrealized loss of \$339,500, whereas in fiscal 2022 the Company recorded an unrealized gain of \$732,250, a year-over-year difference of \$1,071,750 or 97% of the total variance compared to fiscal 2022.

In fiscal 2023 other items included finance income of \$647,227, which improved slightly as compared to \$639,520 in fiscal 2022. This small increase in finance income is largely due to the increase on interest earned on other deposits. During the fiscal year the company generated \$591,351 on its investments in GICs at an average rate of 5.6% combined with \$42,774 of interest generated on its investment in the LRCN, at an effective rate of 6.72%. This compared with \$159,774 generated on GICs in fiscal 2022, combined with \$473,785 of interest generated on its investment in the secured loan. In fiscal 2022 the secured loan investment was repaid, and the cash reinvested in GICs and high interest savings in fiscal 2023.

Net earnings

In fiscal 2023 net earnings after other items and income taxes declined by \$1,042,927 to \$82,934 compared to \$1,125,861 in fiscal 2022. This reduction in net earnings in the fiscal 2023 year is largely due to the impact of the decrease in other items, specifically the unrealized loss recorded on the investment in Bri-chem Corp. common shares compared with a gain in fiscal 2022.

Net loss and comprehensive loss in the fourth quarter of fiscal 2023 was \$9,717 after tax, compared to an after-tax net earnings of \$1,022,212 reported in the comparable prior period. This decrease in net earnings was primarily due to the decrease in operating income before other items and the impact of unrealized gains recorded in other items. Other items included \$184,396 of investment income generated in the fiscal quarter, compared with \$91,574 in the comparative prior period and \$193,950 of unrealized gains on the investment in Bri-Chem Corp.

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. As well, the Company will continue to focus on cost management and control programs. 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 funding mechanisms for long term growth including additional R&D projects, expansion of the distribution channels and corporate development activities.

Total assets of the Company were \$18,347,317 on August 31, 2023, as compared to \$17,499,282 on August 31, 2022. Cash and cash equivalents increased by \$504,276. Accounts receivable increased by \$102,194 and inventories increased by \$195,562. Total liabilities increased by \$668,809 primarily due to the lease renewal. At August 31, 2023, Titan had positive working capital (current assets less current liabilities) of \$14,536,282 compared to \$15,857,691 at August 31, 2022.

Summary of Cash Flows

Operating Activities

Net cash flows generated in operating activities totalled \$122,364, compared to \$204,082 used in fiscal 2022. This increase in cash flows generated in operating activities is primarily due to the increase in operating earnings and the 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 \$218,224 in fiscal 2023, is largely a result of an increase of inventory to meet anticipated demand and an increase in accounts receivable offset by the increase in accounts payable. This compares with non-cash working capital used in fiscal 2022 in the amount of \$395,851, largely a result of an increase of inventory and accounts receivable, offset by the increase in accounts payable.

Investing Activities

Net cash flows generated in investing activities for fiscal 2023 totalled \$527,812 as compared with \$168,836 used in fiscal 2022. In fiscal 2023 a GIC for \$3,500,000 matured and in the second quarter \$1,780,870 was invested in highly liquid investment grade Limited Recourse Capital Notes with a stated annual interest rate of 4.3% and an effective rate of 6.72%. Interest on the LRCNs is payable semi-annually, for the initial period ending on but excluding November 15, 2025. The interest rate will then be reset every five years at a rate equal to the prevailing five-year Government of Canada Yield plus 3.943%. The notes mature on November 15, 2080. The balance of the GIC was reinvested and current GICs and high interest savings are earning average annual interest of 5.86%. A GIC of \$1,820,425 is classified as short-term investments and the remaining GICs are classified as cash and cash equivalent as they are cashable within 90 days of investment. The cash used in investing activities in fiscal 2022 was primarily due to the Company's \$771,250 investment in Bri-chem Corp. and investment in GICs of proceeds from the early repayment of the Company's loan investment. In fiscal 2023 the Company generated finance income of \$647,227 as compared with \$633,698 in fiscal 2022.

Financing Activities

Net cash flows used in financing activities in fiscal 2023 amounted to \$145,900 for payment of lease obligations as compared to \$146,280 in the comparable period.

CONTRACTUAL OBLIGATIONS

The Company has no commitments for future capital assets and its only financial obligations are operating leases for office equipment, office spaces and its manufacturing facility.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements during the current or comparable reporting period.

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"

Issued and Outstanding

	November 15, 2023	August 31, 2023	August 31, 2022
Common shares issued and outstanding	28,536,132	28,536,132	28,536,132
Options outstanding	1,300,000	1,300,000	950,000

On November 24, 2022, 350,000 stock options were granted at an exercise price of \$0.51, with vesting over a period from 1 year to 5 years, provided defined performance metrics are achieved and certain share price targets are achieved, and expire on November 24, 2027. The weighted average grant date fair value of \$0.20 was estimated on November 24, 2022, using the Black-Scholes pricing model.

On January 24, 2022, 150,000 stock options were granted at an exercise price of \$0.47, with immediate vesting on the grant date and expire on January 24, 2027. The weighted average grant date fair value of \$0.23 was estimated on January 24, 2022, using the Black-Scholes pricing model. On August 31, 2022, 600,000 stock options were granted at an exercise price of \$0.50, with vesting over a period from 1 year to 5 years, provided defined performance metrics are achieved and certain share price targets are achieved, and expire on August 31, 2027. The weighted average grant date fair value of \$0.17 was estimated on August 31, 2022, using the Black-Scholes pricing model.

The Company recorded stock-based compensation of \$96,292 in respect of the stock options granted and vested (2022 - \$34,500). During the year ended August 31, 2022, 100,000 stock options that had a weighted average exercise price of \$0.57 were forfeited.

BUSINESS OUTLOOK

Looking ahead into fiscal 2024, tanker OEM (Original Equipment Manufacturer) market data suggests the backlog of tanker builds has started to decline, as production rates are running at peak levels. Despite the leveling backlog, demand remains steady, as the tanker market appears to be growing across multiple segments, including Refined Fuels, Chemicals, and Food and Beverage to name a few. OEMs are reporting longer production lead times, inflationary costs, and supply chain shortages as their top challenges leading into the new fiscal year. The fleet operators are feeling the effects of these market conditions, in addition to new driver training, and driver turnover as their top challenges.

Titan saw steady growth in fiscal 2023, with sales across our 3 major segments of the liquid tanker market: Crude Oil, Used Oil (also referred to as Recycled Oil), and Refined Fuels (including Aviation Refueling). We expect a similar level of demand from these markets in fiscal 2024, with market share growth in the Used Oil and Refined Fuels segments, due to the commercialization of the multicompartment Finch II.

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.

Titan's product development efforts for fiscal 2024 will be focused on modernizing the TD100™ series products, which have served our core markets for the last 8 years. These improvements will allow Titan to penetrate deeper in the Used Oil and Refined Fuels markets while also lowering production costs and reducing the complexity of installation. The Refined Fuels segment is a mature market with competitive offerings for overfill protection. Titan's ability to provide continuous level measurement, with unparalleled accuracy offers unique value to this market through our existing sales and distribution channels. These product investments are well underway heading into the fiscal year, and leverage Titan's core competency in liquid level measurement, our GWR (Guided Wave Radar) technology.

Following the launch of the wireless (Bluetooth) Finch II, Titan will continue to invest in our connected product strategy. Our engineering capability is to develop, deploy, and monetize software-enabled solutions that work in conjunction with our overfill protection and liquid level monitoring products. Our strategy is focused on developing applications for Dealers and OEMs that minimizes the time and complexity of installing and programming our products and delivering value-added solutions to drive efficiencies for Fleet Operators. Our focus continues to be liquid mobile measurement in the broad tanker truck market as a cost effective solution for efficient and safe bulk liquids transportation.

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 a number of risks that have the potential of affecting its financial condition, results of operations and cash flow. In addition to risks described elsewhere in this MD&A, the Company is exposed to various business risks which include but are not limited to the following:

Industry Factors

Titan is highly dependent upon exploration and development activity in the oil and gas industry and therefore is exposed to all of the risks associated with the uncertainties of that industry. The demand and price for Titan products depend on the activity level in the oil and gas sector, which is influenced by numerous factors over which Titan has no control, including: commodity prices; expectations about future commodity prices; the ability of oil and gas companies to raise equity capital or debt financing; supply and demand; and local and international economic, regulatory and political conditions. Global demand for hydrocarbon related products such as gasoline and natural gas impacts the worldwide drilling activity. Reduction in drilling activity results in lower demand for Titan's products.

The primary catalysts to expenditures and activity levels in the energy industry are oil and gas prices which, in turn, are influenced by supply and demand expectations. The ability to forecast the price of crude oil or natural gas is extremely difficult as many global factors affecting commodity prices are beyond the control of the Company. The Company attempts to mitigate the risk factor by assessing current drilling activity reports and future predictions from the industry associations and reporting bodies when creating product demand forecasts. OEM production levels will vary in accordance with market demand. Reduced production levels may result in a reduced demand for Titan's products.

Economic Downturns

Economic downturns can have a negative impact on Titan's business since customers may reduce capital expenditure programs or may experience difficulty in paying for products purchased. The demand for the products distributed by the Company can vary in accordance with general economic cycles. Downturns in the North American economy, a primary market for the Company's future growth, or lack of continued improvement in the economy could have a material adverse effect on the Company's financial condition and on the results of operations.

Pandemics

The occurrence of pandemics, such as the outbreak of the novel coronavirus COVID-19 in any of the areas in which the Company, its customers or its suppliers operate could cause interruptions in the Company's operations. In addition, pandemics, natural disasters or other unanticipated events could negatively impact the demand for, and price of, oil and natural gas which in turn could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Supply Shortages

Titan manufactures products using components supplied by a number of major suppliers. It is not customary in the industrial products distribution industry to have long-term contracts with major suppliers. Supply shortages can occur at times because of production difficulties, unanticipated demand or delivery delays and may have a short-term adverse material effect on Titan's results of operations and subsequent financial condition.

Environmental and Insurance Risk

Titan manufactures and sells products that have an impact on the environment. The Company maintains high quality standards at its production facilities and uses only reputable suppliers for raw materials and other products. Titan also maintains insurance coverage for its assets and operations, including general liability, product pollution, property, business interruption, boiler and machinery, automobile, directors and officers and other insurance. However, product failures could result in warranty and liability claims and the loss of customers. Correcting such failures or paying for such claims could require significant capital resources and have an adverse effect on operating results.

Key Employees

Future success depends on the continued efforts and performance of Titan's executive team, management team and key employees. Failure to attract and retain key employees with the necessary skills could have an adverse material impact upon the future of the business, its operating results, and its financial condition. Labour shortages may limit the growth of the Company's business and could negatively affect margins and profitability.

Employee Safety and Health

The Company's employees may face health and safety risks and hazards in the workplace, which could result in injury or lost time in the course of their employment. Alternatively, the Company could be exposed to civil and/or statutory liability to employees arising from injuries or deaths because of inadequate health and safety policies and practices. The Company cannot fully protect against all these risks, nor are all these risks insurable. The Company may become liable for damages arising from these events against any non-insured risks.

Entering New Business Lines

The Company may enter into new business lines with new acquisitions or other opportunities for growth. There is no guarantee that these new business lines will be successful in the marketplace to which they are directed. Management makes its best efforts to research and forecast future profitability of any new business ventures prior to commencing in any new endeavor, however there are underlying risks at the time of entry. The success of a new venture is also dependent on the areas of sales and marketing, customer demand, market stability, existing barriers to entry, and other factors of product introduction.

Markets and Competition

Titan is continually pursuing new customers and markets in a highly competitive environment. The market is expected to remain competitive. Titan's competition varies by product line, customer classification and geographic market. Certain companies that compete with Titan have more established and larger sales and marketing organizations, larger technical staff and significantly greater financial resources than Titan. There can be no assurance that the Company's marketing strategy will be successful.

A significant portion of the Company's revenue is derived from one product line. Consequently, a sudden 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.

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.

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.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates received on its cash and cash equivalents and its investment in secured loan. 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.

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.

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 securities held mainly for investment purposes. These securities 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. 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.

Product and Technology Enhancements

The Company's future growth depends on its ability to enhance its existing products, to develop new proprietary technology that addresses the varied needs of its prospective customers and to respond to technological advances, emerging industry standards and practices in a timely and cost-effective manner. The development of technology involves significant technical and business risks. There can be no assurance that Titan will be successful in meeting customer demands in respect of performance and costs through continuous improvements in products or that Titan will have the resources available to meet continuing demands. No assurances can be given that Titan's competitors will not achieve technological advantages. The Company may fund additional research and development activities; however, there is no guarantee of return.

Cyber Risk

In the ordinary course of business Titan collects and stores sensitive data, including intellectual property, proprietary business information and identifiable personal information of its employees and customers. Unauthorized access to the Company's computer systems could result in the theft or publication of confidential information or the deletion or modification of records or could otherwise cause interruptions in the Company's operations. In addition, despite the Company's implementation of security measures, its systems are vulnerable to damages from computer viruses, natural disasters, unauthorized access, cyber-attack and other similar disruptions. Any such system failure, accident or security breach could disrupt the Company's operations, decrease performance, increase costs, damage Titan's reputation, and we could be subject to liability. Any of these consequences could have an adverse effect on the Company's business, financial condition, results of operations and cash flow.

Proprietary Protection

Titan relies on confidentiality procedures and other measures to protect its proprietary information (intellectual property). There are risks inherent in maintaining proprietary advantage and efforts to protect it may not prevent attempts to copy aspects of the technology or to obtain and use information, that Titan regards proprietary, by others. Litigation may be necessary to enforce its intellectual property rights or defend against claims of infringement or invalidity. Intellectual property laws provide limited protection. The laws of some foreign countries do not protect proprietary rights as fully as do the laws of Canada. If necessary or desirable,

we may seek licenses under the patents or other intellectual property of others. However, there are no assurances that such licenses will be obtained or that the terms of any offered licenses would be acceptable.

Foreign Exchange and Foreign Sales

The Company's products are marketed and sold in the U.S. and some other foreign countries which expose the Company to currency exchange risks. 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. In addition to exchange risk, international sales are subject to inherent risks such as regulatory requirements, delays from custom brokers or government agencies, or other trade barriers. The Company is also subject to risks related to cultural, political, legal and economic factors.

ADDITIONAL INFORMATION

Additional information relating to Titan Logix Corp., including its 2023 Audited Financial Statements, is available on SEDAR at www.sedar.com or on its website, www.titanlogix.com.

Corporate Address:

4130 – 93 Street NW
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:

Investor Relations, Titan Logix Corp.
4130 – 93 Street
Edmonton, Alberta, Canada T6E 5P5
Phone: (780) 462-4085; Fax: (780) 450-8369
Email: invest@titanlogix.com

Transfer Agent:

Computershare Investor Services Inc.
Stock Transfer Services
800, 324 – 8th Avenue SW, Calgary, Alberta, Canada
T2P 2Z2
Telephone: 1-800-564-6253

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

Michael Martin, CPA, CA
Chief Financial Officer

Auditors:

Kingston Ross Pasnak LLP

www.titanlogix.com