



TITAN LOGIX CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the three- and six-month periods ended February 29, 2024

This Management's Discussion and Analysis (MD&A) has been prepared by management as of April 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 February 29, 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 second quarter and six-months year to date results to the previous year's second quarter and six-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 six-month periods ended February 29, 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	Q2 2024	Q2 2023	YTD 2024	YTD 2023
Operating income (loss) before other items	(88,635)	87,190	(246,887)	329,984
Add: Depreciation and amortization	97,054	86,559	183,762	172,699
Add: Non-cash stock-based compensation	19,610	16,183	31,376	42,886
EBITDA	28,029	189,932	(31,749)	545,569
Add: Product research and development expenses (1)	247,463	34,698	513,121	48,704
Operating EBITDA	275,492	224,630	481,372	594,273

(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	Q2 2024	Q2 2023	YTD 2024	YTD 2023
Engineering, product research and development expenses	301,526	140,104	616,133	221,465
Less: Recurring engineering expenses	(54,063)	(105,406)	(103,012)	(172,761)
Product research and development expenses	247,463	34,698	513,121	48,704

BUSINESS OUTLOOK

The second quarter results reflect a stable production rate from Tanker OEMs, mirroring the activity seen in the first fiscal quarter. The vast majority of sales in the second quarter came from the Crude Oil segment, with some new business generated in the Used Oil and Chemical markets. We expect a similar level of demand in the 3rd quarter for Titan's TD100™ series products in the Crude and Used Oil segments. We also have several new business opportunities in the Refined Fuel and Chemical market segments, as a result of our key business development initiatives.

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 has been focusing on business development activities with key players in the Refined Fuels market. Undertaking several pilot trials in the third and fourth quarter of this year, the pilot trials are expected to take 3-5 months, equipping 1-5 trucks with Titan TD100™ systems 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.

Longer term, our product development initiatives are focused on a next generation of product that will be cost-effective, and designed to fit multiple end-use applications. 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 currently have 8 fleet customers piloting T-Connect, and we expect to scale this number over the course of the 3rd and 4th quarter in fiscal 2024. 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.

T-Connect underscores Titan's commitment to being the market leader in advanced technology for tanker trucks.

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

FISCAL 2024 Q2 & YTD RESULTS OF OPERATIONS - PRESENTED IN (\$000'S)

	Three months ended				Six months ended			
	2024	2023	Increase (Decrease)		2024	2023	Increase (Decrease)	
	\$	\$	\$	%	\$	\$	\$	%
Revenue	1,751	1,522	229	15	3,265	3,025	240	8
Cost of sales	(928)	(723)	(206)	28	(1,662)	(1,389)	(273)	20
Gross profit	823	799	23	3	1,603	1,636	(33)	(2)
Gross margin (%)	47%	53%		(6)	49%	54%		(5)
Operating EBITDA (1)	275	225	51	23	481	594	(113)	(19)
Product research and development expenses (1)	(247)	(35)	(213)	613	(513)	(49)	(464)	954
EBITDA (1)	28	190	(162)	(85)	(32)	546	(577)	(106)
Net earnings (loss)	245	90	154	171	(160)	505	(665)	(132)
EPS – Basic and Diluted	0.01	-	0.01		(0.01)	0.01	(0.02)	

(1) See non-IFRS measures

RESULTS REVIEW
Revenues and Gross Profit

Revenues increased by \$229,071 in the current fiscal quarter or 15% to \$1,750,979 as compared to \$1,521,908 in the same period of fiscal 2023. Year-to-date, revenues have increased by \$239,809 or 8% to \$3,264,837 compared to \$3,025,028 in fiscal 2023. Revenues from the US market increased by \$141,960 to 67% of the total revenue for the six months ended, with revenues from the Canadian market increasing by \$97,849 to 33% of total revenues for the current fiscal year compared to 68% and 32% respectively in 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.

Cost of sales as a percentage of revenues increased by 6% to 53% of revenues in the current quarter compared to 47% in the same period of fiscal 2023. Year-to-date, cost of sales increased by 5% to 51% of revenues compared to 46% of revenues in the comparative period. This increase is driven by higher input costs on key components of the Company's products in the current fiscal quarter and year when compared to the same period in fiscal 2023. The increase in cost of sales results in a decrease in the company's gross margin by 6% to 47% for the quarter and 49% year-to-date, compared to 53% and 54% respectively in same periods of fiscal 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 second quarter of fiscal 2024, selling, general administration expenses increased slightly to \$534,759 compared to \$532,768 in the same period of fiscal 2023. Year-to-date, selling, general and administration expenses increased by \$71,596 or 7% to \$1,128,563 compared to \$1,056,967 in fiscal 2023. The increase over the comparative period was primarily due to the transition of the Company's previous CFO 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.

As outlined the business outlook section, the Company has been actively engaged in discovery efforts with target customers in additional mobile liquid markets and using the results of these efforts to review our existing product designs as we move to develop effective, value-added solutions to these additional markets in addition to our existing market.

Product research and development expenses increased by \$212,765 to \$247,463 in the second quarter, compared \$34,698 in the second quarter of fiscal 2023. On a year-to-date basis, product research and development expenses increased by \$464,417 to \$513,121 compared to \$48,704 in fiscal 2023. The increases are primarily from staffing additions, both permanent and contract, to support the product research and development initiatives. During the second quarter, in addition to the product research and development expenses, the Company capitalized \$84,253 of development costs, relating to new product development, increasing the total costs capitalized for the current fiscal year to \$141,910. 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 \$554 on foreign currency exchange in second quarter of fiscal 2024 compared to a gain of \$25,580 recorded in the same period of 2023. Year-to-date, the Company has recorded a gain of \$35,182 compared to a gain of \$102,403 for the same period of 2023.

Operating EBITDA and EBITDA

Operating EBITDA increased by \$50,862 in the second quarter of fiscal 2024 to \$275,492 compared to \$224,630 in the second quarter of fiscal 2023. Year-to-date, Operating EBITDA decreased by \$112,901 to \$481,372 compared to \$594,273 in the same period of fiscal 2023. The Company's year-to-date decrease in Operating EBITDA was impacted by lower gross profit and higher selling, general and administrative expenses.

The Company's EBITDA decreased in the second quarter of fiscal 2024 by \$161,903 to \$28,029 compared to EBITDA of \$189,932 recorded for the second quarter of fiscal 2023. Year-to-date, the Company's EBITDA decreased by \$577,318 to a loss of \$31,749 compared to EBITDA of \$545,569 in the same period of fiscal 2023. The Company's year-to-date decrease in EBITDA was primarily due to engineering, product research and development expenditures on its strategic growth initiatives.

Other non-operating items

Other non-operating items include unrealized gains (losses) on fair value changes in financial instruments, finance income, interest on leases, gains (losses) on disposals of property, plant and equipment and non-cash stock-based compensation. While amounts reporting in these categories can be material from time to time, they are either non-cash in nature or are not affected by or have an affect on the normal operations of the Company.

The Company recorded an unrealized gain of \$175,799 in the current fiscal quarter compared to an unrealized loss of \$148,257 recorded in the prior period of fiscal 2023. Year-to-date, the Company has recorded an unrealized loss of \$236,308 compared to an unrealized loss of \$99,757 recorded in fiscal 2023. The unrealized loss in the current fiscal year was driven by a loss of \$303,125 recorded on the shares of Bri-Chem due to a decline in the market price per share of Bri-Chem's shares to \$0.355 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 \$66,817. In the comparative period of fiscal 2023, the Company recorded an unrealized loss of \$72,750 on the shares it holds of Bri-Chem as the market share price decreased by \$0.03 to \$0.59 per share from \$0.62 at the end of fiscal 2022 and an additional \$27,007 unrealized loss on the LRCN's, which were acquired in the prior period.

The Company recorded finance income of \$171,503 in the current fiscal quarter, compared to \$156,908 in the comparative quarter if fiscal 2023. Year-to-date, the Company recorded finance income of \$351,920 compared to \$283,300 through the same period of fiscal 2023. The increase in finance income of \$14,595 in the quarter and \$68,620 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	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	1,751	1,514	1,561	1,628	1,522	1,503	1,324	1,292
Gross profit	823	780	670	778	799	837	721	713
Gross margin	47%	52%	43%	48%	52%	56%	54%	55%
Operating EBITDA	275	206	(71)	(125)	235	360	288	236
EBITDA	28	(60)	(270)	(1)	200	346	288	236
Net earnings (loss)	245	(404)	(10)	(412)	90	415	1,022	403
EPS – Basic and Diluted	0.01	(0.02)	(0.00)	(0.01)	-	0.01	0.04	0.01

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 \$18,219,368 on February 29, 2024, as compared to \$18,347,317 on August 31, 2023. Cash and short-term investments increased by \$63,137 to \$11,654,944. Accounts receivable increased by \$230,617 and inventories decreased by \$164,683. Total liabilities decreased by \$5,487. As at February 29, 2024, Titan had positive working capital (current assets less current liabilities) of \$14,309,940 compared to \$14,536,282 at August 31, 2023.

Summary of Cash Flows
Operating Activities

Net cash flows used in operating activities for the six-month fiscal period totalled \$54,887 compared to \$395,674 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 \$23,137 in the six-month fiscal period is largely a result of an increase in receivables and decreases in accounts payable offset in part by decreases inventories and prepaid. This compares with non-cash working capital used in the comparable period in the amount of \$149,897, largely a result of cash used to increase inventory levels to meet customer requirements and a reduction of accounts payables.

Investing Activities

Net cash flows used in investing activities for the six-month fiscal period totalled \$2,485,870 resulting from finance income earned of \$351,920 offset by an increase of \$2,679,575 of cash invested in GICs that are not cashable within 90 days. During the period, cash was used to purchase capital equipment of \$16,335 and deferred development costs of \$141,800. Cash flows generated of \$1,990,296 in the comparative prior period were the result of finance income earned of \$283,300 and the maturity of a \$3,500,000 GIC offset partially by \$1,780,870 used to acquired limited recourse capital notes 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 an off-balance sheet arrangements in any of 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".

	17-Apr-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, with vesting over a period from 1 year to 4 years, provided defined performance metrics are achieved and certain share price targets are achieved, and expire on November 20, 2028. 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 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.