Annual Report
Fiscal 2021

August 31, 2021

TITAN LOGIX

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) has been prepared by management as of November 16, 2021. 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 2021 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 years ended August 31, 2021 and 2020. 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.

Cautionary Note Regarding 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.

Such risks and uncertainties include, but are not limited to the following:

- *Titan's ability to successfully market to current and new customers;*
- *Industry competition;*
- *Technological developments;*
- *Uncertainties as to Titan's ability to implement its strategic plan;*
- *Titan's ability to obtain raw materials from suppliers;*
- *The impact of general economic and industry conditions;*
- *The impact of pandemics and natural disasters;*
- *Fluctuations in oil and gas prices;*
- *Fluctuations in the level of oil and gas industry expenditures that affect demand for Titan's products and services;*
- *Fluctuations in currency rates;*
- *The ability to attract and retain key personnel or management;*
- *Expansion of products by internal growth, partnerships or acquisitions;*
- *Incorrect assessment of value of acquisitions;*
- *Inability to complete strategic acquisitions of additional business;*
- *Stock market volatility;*
- *Obtaining required approvals from regulatory authorities;*
- *Titan's ability to achieve an acceptable return on investment from new product development costs in a timely manner; and,*
- *Other risks described under the heading "Business Risks and Uncertainties" in this document.*

THE TITAN VISION, BRAND PROMISE AND CORE VALUES

Titan Logix Corp.'s VISION is to be a "Catalyst for Transformative Thinking" for our customers. We do this by enabling our customers to be leaders in the gathering, management, and analysis of their data. The result is smarter, faster business decisions, allowing their businesses to be agile with change.

Our PURPOSE is to transform the operation of our customers' businesses by creating data-centric decision-making opportunities to deliver operational efficiencies, regulatory compliance and inventory tracking; we enable them to be more profitable and to create a competitive advantage in their respective industries.

Our Brand Promise: "Titan Logix - Data that works."

Titan Logix has four core values that are integrated into the work we do and are the cornerstone of our strong corporate culture. Our commitment to; Be Curious, Be Collaborative, Have an Innovative Mindset, and Own It are instrumental in inspiring our team and guiding our decisions and actions for a successful future.

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.

Titan's primary products are mobile tanker liquid level sensor technology to prevent overfills. The Company has invested in developing technology that collects data used for Supply Chain Management (SCM) of goods and services for the oil and gas, construction, agriculture, and transportation industries. Our cloud connected products enable data from our edge sensor technology and others' sensors to be collected, managed, and packaged for business intelligence and control. The complete solution consists of Titan's ruggedized sensor products interconnected by field hardened gateway devices and other handheld smart devices, to the internet and integrated to enable best-in-class data management and end-to-end Industrial Internet of Things (IIoT) solutions for our customers.

For almost 30 years, Titan Logix Corp. has designed and manufactured advanced technology instruments for businesses that transport corrosive, hazardous and/or valuable liquids while ensuring accurate, automated inventory management of these assets. Our technology is designed to reduce the risks of hazardous, costly, and time-consuming overfills and spills. Titan's TD Series of tank level monitors are the market leader in mobile fluid measurement, and are known for their rugged, solid-state reliability with no floats or moving parts that can fail in challenging environments. These Guided Wave Radar (GWR) level monitoring technologies are a part of a complete IIoT digital supply chain management solution. Operating independently or as part of a fully integrated data collection and analytics system, these liquid level monitoring devices provide time-sensitive data for business decision and control.

For our clients that require a complete solution that enables real-time monitoring of their assets at each stage in the workflow process as they move their products to market, Titan's IIoT solution enable them to monitor their fluid assets from the convenience of their dispatch center, back office environment, or through a mobile device. Titan's edge computer, the Smart Truck Edge, provides the ability to transmit the asset data from Titan's TD100™, Finch II, and other 3rd party sensors and data devices. All data can be conditioned and packaged for efficiency and transmitted to our TDS cloud platform. Through cloud-based technology, data can be displayed on web enabled dashboards to provide customers with a unique view into productivity, environmental compliance, driver behavior and driver health monitoring. The supply chain management solution equips business managers with a variety of business intelligence and data analytics to effectively measure, manage and enhance the performance of their mobile tanker fleet.

We currently serve the crude oil, produced water, refined fuel, used oil collection, aircraft refueling, chemical, and vacuum truck markets. New drilling activity employs mobile tankers to deliver necessary process fluids to well sites. The initial well head activity requires offsite transfer of process fluids and wastewater for treatment or disposal. Production wells not directly connected to pipeline networks require mobile transfer of crude oil to pipeline terminals and processing. Each stage requires mobile tanker engagement. These liquids are transported in many shapes and sizes of mobile tankers. Each of these tankers requires a level measurement and overfill prevention system to enable rolling-stock inventory management, ensure against overfills (which would result in high-impact environmental incidents), protect equipment from damage, improve the efficiency of the operation and help ensure driver safety. Titan's TD80™ and TD100™ provides these valuable features. Titan's main sales channel for our transport products is through mobile tank Original Equipment Manufacturers (OEMs), dealers, and channel partners in Canada, the U.S. and Mexico.

Titan Logix has developed supply chain management solutions for the management of various fluids. Titan solutions enable customers to track and monitor their assets while simultaneously automating transportation logistics. Improved road safety and addressing environmental issues is our mission. Titan systems support accuracy across the supply chain from ticketing through invoicing. We put the right numbers in front of the customer, measured with precision, so that the focus can be on what matters and make the best decisions for the business. Titan solutions save time and operating costs, creating efficiency in the supply chain. Our advanced hardware and software technology are reliable and secure from source to customer software systems. Our innovative software orchestrates and helps manage and track the supply chain across vendors instantaneously. Exploration and production (E&P) companies are beginning to understand the value proposition that comes with the implementation of our SCM solutions.

Titan's strategy is to research, design, develop and/or acquire field sensor products (data generators) that are:

- Safe to install, operate, and maintain,
- Simple and cost effective to implement,
- Best in class technologically,
- Flexible in application,
- Designed to be system agnostic and platform independent,
- Forward thinking and scalable to meet customer needs today and tomorrow.

Building upon a solid foundation in advanced fluid management for mobile tankers we continue to develop applications internally and seek out technology partners externally.

SELECTED ANNUAL FINANCIAL INFORMATION

Years ended August 31 (audited)	2021 $	2020 $	2019 $
Revenue	3,533,624	4,110,035	5,570,924
Net (loss) earnings before income taxes	(211,786)	(578,356)	160,538
Net (loss) earnings	(227,357)	(578,356)	109,960
EPS – Basic and diluted	(0.01)	(0.02)	0.00
Total assets	16,273,707	16,711,107	16,928,069
Long-term liabilities	253,736	383,940	nil
Dividends	nil	nil	nil

2021 HIGHLIGHTS

- Revenues in fiscal 2021 were $3,533,624, a $576,411 or a 14% decrease from the $4,110,035 recorded in fiscal 2020. The decrease in revenue was primarily a result of lower industry activity in the energy sector due to the ongoing impact of the COVID-19 pandemic which began mid-year in fiscal 2020.
- Gross profit in fiscal 2021 decreased by $331,341 to $1,839,476 or 52% of revenue compared to $2,170,817 or 53% of revenue in fiscal 2020. This decrease in gross profit is primarily due to the decrease in unit demand and revenue.
- Total expenses in fiscal 2021 decreased by $720,779 to $2,689,791 as compared with $3,410,570 in the comparative prior year. This reduction in expenses is primarily due to one-time engineering expenses in the previous year combined with a reduction in sales and general and administrative expenses. Engineering costs in fiscal 2021 decreased by $466,043 to $601,168 compared with $1,067,211 in fiscal 2020. This reduction is primarily due to one-time consulting costs incurred in the previous fiscal year for the completion of the development of the cloud platform combined with an increase in receipts received from the Canada Emergency Wage Subsidy Program ("CEWS") program, grants and SR&ED tax refunds.
- In fiscal 2021, the Company reported an operating loss before other items of $850,315 compared to an operating loss of $1,239,753 in fiscal 2020. Adjusted for interest income and other items, the net loss after income taxes was $227,357 in fiscal 2021 compared to a net loss after taxes of $578,356 in fiscal 2020. The improvement in the operating loss before other items and the loss after income taxes in the year was primarily due to the one-time consulting costs incurred in the previous fiscal year for the completion of the development of the cloud platform combined with other expense reductions.
- During the fiscal year the Company continued its participation in the CEWS program. Total benefits received from wage subsidy programs in fiscal 2021 amounted to $463,373 as compared with $440,656 in fiscal 2020.
- The Company developed new hardware and software technology in fiscal 2021 to expand our offerings to new markets and enhance our digital capabilities. The Titan Data System web access (TDS) and the Titan Application Program Interface (TAPI) provides data connectivity for our customers. Titan intends to launch its T-LITE wireless transmitter for commercial sales in fiscal Q2 which includes T-Pulse and TDS Light AWS application as an integrated system. Titan's smart device app (T-PULSE) is now available on Google and Apple stores for connection to the wireless T-LITE digital level gauge. The Company also plans to release its latest version of SensorLink configuration software that allows remote configuration of devices to promote scalability of the T-LITE system.

FISCAL 2021 RESULTS OF OPERATIONS

	Year ended August 31			
	2021	2020	Increase (Decrease)	
	$	$	$	%
Revenue	3,533,624	4,110,035	(576,411)	(14)
Cost of sales	1,694,148	1,939,218	(245,070)	(13)
Gross profit	1,839,476	2,170,817	(331,341)	(15)
Gross margin (%)	52%	53%		
Expenses				
General and administration	950,338	1,139,624	(189,286)	(17)
Marketing and sales	733,252	829,602	(96,350)	(12)
Engineering	601,168	1,067,211	(466,043)	(44)
Depreciation and amortization	368,729	374,122	(5,393)	(1)
Loss on foreign exchange	36,304	11	36,293	100
Total expenses	2,689,791	3,410,570	(720,779)	(21)
Finance income	663,109	695,975	(32,866)	(5)
Other items	(24,580)	(34,578)	(9,998)	(29)
Income tax	(15,571)	-	15,571	100
Net loss	(227,357)	(578,356)	(350,999)	(61)
EPS – Basic and Diluted	(0.01)	(0.02)	(0.01)	

Revenue and gross profit

The Company's revenue is primarily derived from instrument sales of its GWR product line of technologies (TD80™/TD100™, Finch II and related components) throughout Canada and the U.S. These technologies are sold into the mobile tanker truck market, servicing upstream/midstream customers. The Company's revenue in the current fiscal year decreased by $576,411 or 14% to $3,533,624, as compared to $4,110,035 for fiscal 2020. The reduction in revenue reflects a full year of pandemic impacted demand compared to six months in the previous year. Revenue for the first six months of fiscal 2021 was $1,120,643 less than the previous pre-pandemic six months of fiscal 2020, whereas the second half of the fiscal 2021 improved by $544,232 over the prior year second half, which was the lowest demand period of the pandemic.

Revenues generated from the Canadian market decreased by $119,426 or 11% to $1,013,403 as compared to $1,132,829 in fiscal 2020. Sales to the U.S, decreased by $456,985 or 15% to $2,520,221 as compared to $2,977,206 in fiscal 2020. These sales accounted for 71% of the revenues in fiscal 2021 (2020 – 72%). These sales are transacted in U.S. dollar currency and any change in the exchange rate affects the value at which transactions are recorded. Revenue was recorded at an average exchange rate of $1.27 Canadian during fiscal 2021, compared with $1.35 Canadian for the prior year.

As a percentage of revenue, sales of the Company's GWR product line of technologies contributed 96% to sales in fiscal 2021. This compares to 93% in fiscal 2020.

Gross profit in the current fiscal year decreased to $1,839,476, or 52% as a percentage of sales compared with $2,170,817, or 53% as a percentage of sales for the comparative prior year. This decrease in gross profit is primarily due to the decrease in unit demand and the reduction in revenue. The reduction in gross margin as a percentage of sales is primarily due to fixed capacity costs allocated over less revenue.

Expenses, general and administration

General and administrative expenses (G&A) for fiscal 2021 were $950,338, a decrease of $189,286 or 17% from the $1,139,624 recorded in fiscal 2020. The decrease is primarily a result of one-time consulting costs for implementation of a new ERP system in the previous fiscal year and the reduction in discretionary expenses. General and administration expenses include the benefit of CEWS subsidies of $86,588 in the current fiscal year compared with $78,732 in fiscal 2020. G&A, as a percentage of revenue, was 27% for the fiscal 2021 compared to 28% for fiscal 2020.

Expenses, marketing and sales

Marketing and sales expenses were $733,252 a decrease of $96,350 or 12% from the $829,602 recorded in fiscal 2020. The reduction reflects lower compensation costs combined with a reduction in travel and other discretionary expenditures. CEWS and US wage benefits of $90,108 were received in fiscal 2021 compared with $122,511 in fiscal 2020. As a percentage of revenue, marketing and sales expenses were 21% for fiscal 2021 as compared to 20% for fiscal 2020.

Expenses, engineering

Engineering expenses in the current fiscal year were $601,168 a decrease of $466,043 or 44% from the $1,067,211 recorded in fiscal 2020. The decrease is primarily due to a one-time third party expense for the development of the Company's cloud based platform completed in fiscal 2020. Engineering expenses also reflect lower compensation costs which included CEWS subsidies combined with Alberta Innovates funding for selective projects and tax credit refunds. CEWS benefits of $198,649 were received in fiscal 2021 compared to $137,073 in the prior period, Alberta Innovates funded $74,500 of project costs compared to $23,875 in the comparative period and tax refunds of $96,360 for Scientific Research and Experimental Development (SR&ED) were received in the fiscal year. Engineering projects include the development of a low cost, non-hazard classified versions of its TD100™ transmitter and the development of products for its software portfolio.

Expenses, depreciation and amortization

Depreciation and amortization expenses included in operating expenses in fiscal 2021 totalled $368,729 compared to $374,122 in the previous fiscal year. Additional depreciation expenses recorded in cost of sales in fiscal 2021 totalled $89,937, compared to $93,029 in the comparable year.

Expenses, foreign exchange

Changes in the value of the Canadian dollar during the year and management of conversion of receipts from U.S. revenue resulted in a loss of $36,304 on foreign currency exchange in fiscal 2021 consisting of a realized loss on exchange of $3,580 and an unrealized loss of $32,724. This compares to a loss of $11 on foreign currency exchange in the previous year consisting of a realized gain on exchange of $56,981 and an unrealized loss of $56,992.

Operating loss and net earnings

In fiscal 2021 the operating loss before other items and income taxes was $850,315 as compared to an operating loss before other items and income taxes of $1,239,753 in fiscal 2020. The improvement in the operating loss was primarily due to lower operating expenses compared to the previous period that included one-time expenses for development of the Company's cloud based platform and consulting costs for implementation of a new ERP system. In fiscal 2021, the Company benefited from CEWS subsidies in the amount of $463,373 compared to $440,656 from CEWS and US wage subsidies in fiscal 2020.

Interest earned on the secured loan and other interest bearing accounts was $663,109 in fiscal 2021 compared to $695,975 in the prior year as a result of scheduled repayments on the secured loan reducing the principal and lower interest rates on the other interest bearing accounts. The decrease was partially offset by payment in kind interest accrued on the secured loan as a result of a July 2020 amendment to the loan agreement.

Due to uncertainties related to the realization of tax loss carry-forwards no provision for deferred income tax recovery was recorded in the current fiscal year. Primarily due to the forgiveness in fiscal 2021 of the U.S. Paycheck Protection Program loan received in fiscal 2020, current tax expense of $15,571 was recorded in fiscal 2021.

In fiscal 2021 the net loss after income taxes was $227,357 as compared to a net loss of $578,356 in fiscal 2020. This improvement in the net loss was primarily due to lower operating expenses, slightly offset by a decrease in finance income.

Fourth Quarter Results

For the fourth quarter of fiscal 2021 revenue was $870,538 as compared to $608,828 in the comparative prior period. This improvement was primarily due to demand for the GWR product line in both geographic segments recovering from the lowest period of pandemic demand in the fourth quarter of 2020. Sales into the U.S. in the fourth quarter were $592,056, an increase of $98,762 or 20% when compared to $493,294 in the comparative quarter of fiscal 2020. Canadian sales in the fiscal quarter were $278,482, an increase of $162,948 or 141% when compared with sales of $115,534 in the comparative quarter of fiscal 2020.

Gross profit was $547,086 for the fourth quarter of fiscal 2021 compared with $354,830 for the comparative prior period. As a percentage of sales gross margin improved to 63% compared with 58% of sales in the fourth quarter of fiscal 2020. The increase in gross profit and the gross margin percentage is the result of greater volume and a price increase effective June 1, 2021.

General and administrative expenses for the fourth quarter of fiscal 2021 were $262,959 a decrease of $10,423 or 4% from the $273,382 recorded in the comparative prior period. This reduction in expenses in the fourth quarter was primarily due to a decrease in consulting costs for the implementation of the new ERP system and strategic advisory services from the prior period. These cost reductions offset the reduction in benefits received under the CEWS program. Benefits of $18,589 were received in the fourth quarter of fiscal 2021 compared to $52,488 in the comparable period of fiscal 2020. G&A, as a percentage of revenue, was 30% for the fourth quarter ended August 31, 2021 compared to 45% for the same period of fiscal 2020.

Marketing and sales expenses for the fourth quarter of fiscal 2021 were $219,938, an increase of $147,612 or 204% from the $72,326 recorded in the comparative prior period. This increase in expenses is primarily due to an increase of $94,528 for staffing, marketing and travel costs combined with lower benefits received under the CEWS and the U.S. wage subsidy programs. Benefits of $26,254 were received in the fourth quarter of fiscal 2021 compared to $79,338 in the fourth quarter of fiscal 2020. As a percentage of revenue, marketing and sales expenses were 25% for the fourth quarter of fiscal 2021 as compared to 12% for the same period of fiscal 2020.

Engineering expenses for the fourth quarter of fiscal 2021 were $221,424, an increase of $116,998 or 112% when compared with $104,426 recorded in the comparative prior period. This increase in expenses is primarily due to increased costs of $78,616 for severance and additions to the development team. Benefits under the CEWS program of $55,635 were received in the fourth quarter of fiscal 2021 compared to $94,017 received in the fourth quarter of fiscal 2020.

Net loss and comprehensive loss in the fourth quarter of fiscal 2021 was $26,070 after tax, compared to an after tax net loss of $108,441 reported in the comparable prior period. This improvement in net loss was primarily due to the increase in revenue and gross profit. A gain on foreign exchange of $92,272 was recognized in the fourth quarter of fiscal 2021, compared to a loss on foreign exchange of $70,111 in the comparable period. Interest income in the fiscal quarter was $149,924 compared with $165,545 in the prior period. During the fiscal quarter, the Company benefited from COVID-19 government wage subsidy programs in the amount of $117,626 as compared to $291,515 in the fourth quarter of fiscal 2020.

SUMMARY OF QUARTERLY RESULTS

($000's, except per share amount)

Fiscal year	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	871	1,064	750	849	609	782	1,311	1,408
Gross profit	547	558	353	381	355	382	695	739
Operating loss before other items and income taxes	(154)	(140)	(255)	(301)	(262)	(580)	(293)	(104)
Net earnings (loss) before income taxes	(11)	6	(65)	(142)	(108)	(417)	(122)	69
Net earnings (loss)	(26)	6	(65)	(142)	(108)	(417)	(122)	69
EPS – Basic and Diluted	(0.00)	0.00	(0.00)	(0.00)	(0.00)	(0.01)	0.00	(0.00)

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

The reduction in revenue and quarterly gross profits in fiscal 2021 and the last two quarters of fiscal 2020 when compared to the previous two quarters of fiscal 2020 is primarily a result of the decrease in demand due to the slow down experienced in the energy industry combined with the impact of the COVID-19 pandemic.

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 $16,273,707 on August 31, 2021 as compared to $16,711,107 on August 31, 2020. Cash and cash equivalents increased by $402,625 to $9,786,304 primarily due to repayments of principal and interest received on the investment in secured loan. Accounts receivable increased by $123,353 and inventories decreased by $109,204. Total liabilities decreased by $210,043. As at August 31, 2021, Titan had positive working capital (current assets less current liabilities) of $11,386,485 compared to $10,963,795 at August 31, 2020.

Summary of Cash Flows

Operating Activities

Net cash flows used in operating activities totalled $426,136, compared to $677,493 used in fiscal 2020. This decrease in cash flows used in operating activities is primarily due to the reduction in the net loss, and partially offset by changes in non-cash 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 $34,286 in fiscal 2021 is largely a result of cash flow from an increase of accounts receivables and decrease in accounts payable, offset by the consumption of inventory and decrease in prepaid expenses. This compares with non-cash working capital provided in fiscal 2020 in the amount of $83,072, largely as a result of cash flow from the collection of accounts receivables, offset by the decrease in accounts payable and an increase in inventory.

Investing Activities

Net cash flows generated in investing activities for fiscal 2021 totalled $982,065 primarily as a result of the finance income and repayments of $400,000 received on the secured note offset by capital equipment purchases. This compares with $3,050,780 generated in the comparative prior period primarily as a result of the maturity of $2,041,227 of short term investments combined with finance income and repayments of principal received on the secured note.

Financing Activities

Net cash flows used in financing activities in fiscal 2021 amounted to $153,304 for payment of lease obligations as compared to $161,445 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 16, 2021	August 31, 2021	August 31, 2020
Common shares issued and outstanding	28,536,132	28,536,132	28,536,132
Options outstanding	300,000	300,000	420,000

During fiscal 2021, no stock options were granted or forfeited. During fiscal 2020, 50,000 stock options were granted and 170,000 forfeited. For the year ended August 31, 2020, the Company recorded stock option compensation expenses of $10,500 in respect of stock options granted and vested.

IMPACT OF COVID-19 PANDEMIC

In March 2020, the World Health Organization declared a world-wide pandemic resulting from the outbreak of coronavirus, specifically identified as "COVID-19". Many countries enacted emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, temporary restriction on all non-essential business, self-imposed quarantine periods and social distancing, caused material disruption to businesses globally resulting in an economic slowdown. The Company has assessed the economic impacts of the COVID-19 pandemic on its interim consolidated financial statements. As at August 31, 2021, management has determined that the Company's ability to execute its medium and longer term plans, the economic viability of its assets and the carrying value of its long-lived assets are not materially impacted.

The impact of COVID-19 resulted in a decrease in demand for our products and the Company has experienced a material decline in revenues and gross profit in the year. Cost containment efforts were implemented in order to mitigate the impact of the decline in revenues and gross profit. The Company reduced discretionary spending and downsized production costs to match current demand. The Company received subsidy funding through the Government of Canada's - Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS") that was available to any Canadian employer and business, subject to eligibility criteria, whose business has been adversely affected by COVID-19.

Management of the Company enacted a COVID-19 business continuity plan including safety protocol and remote working arrangements and only experienced minimal disruptions to its business operations. As conditions continue to fluctuate around the world, with vaccine administration rising, governments and organizations have responded by adjusting their restrictions and guidelines accordingly. Our focus remains on promoting employee health and safety, serving our customers and ensuring business continuity. Management is closely monitoring the impact of the pandemic on all aspects of its business. We carefully assess, and reassess, conditions to determine when employees can safely return to our offices, and as a result have fully reopened our offices.

At this point, management cannot reasonably estimate the duration, complexity, or severity of this pandemic, which could have a material adverse impact on the Company's business, results of operations, financial position and cash flows. Other possible effects may include disruptions in the demand for our products, absenteeism in the Company's labor workforce, unavailability of products and supplies used in operations, and a decline in the fair value of assets held by the Company. The full extent of the impact that the COVID-19 outbreak may have on the Company continues to be uncertain and cannot be predicted with confidence.

BUSINESS OUTLOOK

Our market assessment for OEM tanker builds and after-market retrofits indicate supply chain issues and labour shortages will slow the recovery of the tanker manufacturing market which delays demand for our GWR product line of technologies. Higher oil prices and increased rig counts have traditionally led to greater demand for oil tankers and our products, although lagging for the clearing out of existing stock. Industry sources suggest North American crude oil output will see tangible increases over the next 12 months as consumption returns to pre-pandemic levels. Our users indicate that they have opportunities to increase oil shipping but don't have the resources to exploit the opportunity.

The Company has developed new hardware and software technology in fiscal 2021 to expand our offerings to new markets and enhance our digital capabilities. The Titan Data System web access (TDS) and the Titan Application Program Interface (TAPI) provides data connectivity for our customers. Titan intends to launch its T-LITE wireless transmitter for commercial sales in fiscal Q2 which includes T-Pulse and TDS Light AWS application as an integrated system. Titan's smart device app (T-PULSE) is now available on Google and Apple stores for connection to the wireless T-LITE digital level gauge. The Company also plans to release its latest version of SensorLink configuration software that allows remote configuration of devices to promote scalability of the T-LITE system.

Sales and marketing activity is focused on engaging with our customers to stimulate demand for our core hardware products and introducing our new products, the T-LITE transmitter, T-Pulse Smart Device App and TDS Light desktop application as well as developing new customer channels with its digital campaign. The Company's objective is to enhance the value proposition of our proven measurement hardware with software features to monitor key data remotely.

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 recent 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.

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 patents, 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 2021 Audited Financial Statements, is available on SEDAR at www.sedar.com or on its website, www.titanlogix.com.

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Independent Auditor's Report

To the Shareholders of Titan Logix Corp.

Opinion

We have audited the consolidated financial statements of Titan Logix Corp. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2021, and August 31, 2020, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years ended August 31, 2021 and August 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of the Company as at August 31, 2021 and August 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years ended August 31, 2021 and August 31, 2020 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the consolidated financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Heather Murk.

Grant Thornton LLP

Edmonton, Canada
November 16, 2021

Chartered Professional Accountants

	August 31, 2021 $	August 31, 2020 $
ASSETS		
Current assets		
Cash and cash equivalents (note 4)	9,786,304	9,383,679
Accounts receivable (note 5)	730,072	606,719
Inventories (note 6)	924,329	1,033,533
Prepaid expenses	41,924	116,349
Current portion of investment in secured loan (note 10)	385,865	385,363
Total current assets	11,868,494	11,525,643
Non-current assets		
Property, plant and equipment (note 7)	243,554	271,221
Right-of-use assets (note 8)	365,839	503,040
Intangible assets (note 9)	715,841	1,045,862
Investment in secured loan (note 10)	3,079,979	3,365,341
Total assets	16,273,707	16,711,107
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	338,539	430,210
Income tax payable	13,267	788
Current portion of lease obligations (note 12)	130,203	130,850
Total current liabilities	482,009	561,848
Non-current liabilities		
Lease obligations (note 12)	253,736	383,940
Total liabilities	735,745	945,788
Shareholders' equity		
Share capital (note 15)	5,730,279	5,730,279
Contributed surplus	780,708	780,708
Retained earnings	9,026,975	9,254,332
Total shareholders' equity	15,537,962	15,765,319
Total liabilities and shareholders' equity	16,273,707	16,711,107

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

On behalf of the Board

"Alvin Pyke"
Director

"Helen Cornett"
Director

For the years ended August 31,	2021 $	2020 $
Revenue	3,533,624	4,110,035
Cost of sales	1,694,148	1,939,218
Gross profit	1,839,476	2,170,817
Expenses		
General and administration	950,338	1,139,624
Marketing and sales	733,252	829,602
Engineering	601,168	1,067,211
Depreciation of property, plant and equipment (notes 7 and 17)	39,061	27,959
Depreciation of right-of-use assets (notes 8 and 17)	60,499	67,464
Amortization of intangible assets (notes 9 and 17)	269,169	278,699
Loss on foreign exchange	36,304	11
Total expenses	2,689,791	3,410,570
Operating loss before other items	(850,315)	(1,239,753)
Other items		
Loss on impairment of property, plant and equipment (note 7)	-	(5,549)
Loss on disposal of property, plant and equipment (note 7)	(2,127)	-
Finance income (note 16)	663,109	695,975
Interest on leases	(22,453)	(29,029)
Total other items	638,529	661,397
Loss before income taxes	(211,786)	(578,356)
Income tax expense (note 14)	15,571	-
Loss and comprehensive loss	(227,357)	(578,356)
Loss per share (note 18)		
Basic and diluted	(0.01)	(0.02)

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

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	Common Shares #	Share Capital $	Contributed Surplus $	Retained Earnings $	Total Shareholders' Equity $
Balance at August 31, 2019	28,536,132	5,730,279	770,208	9,832,688	16,333,175
Share-based compensation	-	-	10,500	-	10,500
Net loss	-	-	-	(578,356)	(578,356)
Balance at August 31, 2020	28,536,132	5,730,279	780,708	9,254,332	15,765,319
Net loss	-	-	-	(227,357)	(227,357)
Balance at August 31, 2021	28,536,132	5,730,279	780,708	9,026,975	15,537,962

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

For the years ended August 31,	2021 $	2020 $
Cash provided by (used in)		
Operating activities		
Net loss	(227,357)	(578,356)
Non-cash items included in net loss		
Interest on leases	22,453	29,029
Impairment of inventory (note 6)	15,370	1,537
Depreciation of property, plant and equipment (note 7)	52,296	44,286
Depreciation of right-of-use assets (note 8)	137,201	144,166
Amortization of intangible assets (note 9)	269,169	278,699
Share-based compensation (note 15)	-	10,500
Loss on disposal/impairment of property, plant and equipment	2,127	5,549
Finance income (note 16)	(663,109)	(695,975)
Changes in non-cash working capital (note 19)	(34,286)	83,072
Net cash used in operating activities	(426,136)	(677,493)
Investing activities		
Financing fee received on secured loan (note 10)	25,000	50,000
Payments received on investment in secured loan (note 10)	400,000	400,000
Finance income received (note 16)	522,969	662,562
Proceeds on maturity of short term investments	-	2,041,227
Purchase of property, plant and equipment (note 7)	(26,856)	(103,009)
Proceeds from disposal of property, plant and equipment	100	-
Receipt of investment tax credits	60,852	-
Net cash provided by investing activities	982,065	3,050,780
Financing activities		
Payment of lease obligation (note 12)	(153,304)	(161,445)
Net cash used in financing activities	(153,304)	(161,445)
Net increase in cash and cash equivalents	402,625	2,211,842
Cash and cash equivalents, beginning of year	9,383,679	7,171,837
Cash and cash equivalents, end of year	9,786,304	9,383,679
Income tax paid	3,092	14,694

The accompanying notes are an integral part of these consolidated 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.

Titan Logix Corp. is a developer, manufacturer and marketer of innovative fluid measurement and management solutions. The Company's Guided Wave Radar (GWR) solutions are primarily used in the upstream/midstream oil and gas industry. Secondary industries for its products include the aviation, waste fluid collection, and chemical industries. The Company's products are designed to be part of a complete Supply Chain Management solution. The ultimate solution consists of the Company's products integrated with best-in-class data management to enable end-to-end Industrial Internet of Things solutions for its customers' Supply Chain Management.

In March 2020, the World Health Organization declared a world-wide pandemic resulting from the outbreak of coronavirus, specifically identified as "COVID-19". Many countries had enacted emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, temporary restriction on all non-essential business, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The Company has assessed the economic impacts of the COVID-19 pandemic on its consolidated financial statements. As at August 31, 2021, management has determined that the Company's ability to execute its medium and longer term plans, the economic viability of its assets and the carrying value of its long-lived assets are not materially impacted. The full extent of the impact that the COVID-19 outbreak may have on the Company will depend on future developments that are highly uncertain and that cannot be predicted with confidence. Management is closely monitoring the impact of the pandemic on all aspects of its business.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements for the year ended August 31, 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements of the Company for the year ended August 31, 2021 were authorized for issue in accordance with a resolution of the directors on November 16, 2021.

Principles of consolidation

These consolidated 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 consolidated financial statements.

Functional and presentation currency

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

Significant accounting estimates and judgments

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets, liabilities, revenue and expenses. These estimates and judgments are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The estimation of anticipated future events involves uncertainty and, consequently, the estimates used in preparation of the consolidated financial statements may change as future events unfold, more experience is acquired or the Company's operating environment changes. Actual results may differ from these estimates under different assumptions or conditions. Estimates and judgments are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments

The following are the critical judgments that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in these consolidated financial statements.

a) *Internally generated research and development costs*

Management monitors progress of internal research and development projects by using a project management system. Significant judgment is required in distinguishing research from the development phase. Development costs are recognized as an asset when all the criteria for capitalization are met, whereas research costs are expensed as incurred.

2. BASIS OF PRESENTATION (cont'd)

Significant accounting estimates and judgments (cont'd)

a) Internally generated research costs (cont'd)

To distinguish the research project phase from the development phase, it is the Company's policy to require a forecast of sales to be generated by the intangible asset to support the capitalization criteria. The forecast is then incorporated into the Company's overall budget forecast once the capitalization of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally generated intangible assets is based on the same data.

The Company's management also monitors at each reporting period whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical challenge after the time of recognition.

b) Determination of cash generating units

The Company tests certain intangible assets when there are indicators of impairment. Management uses judgment in determining the cash-generating units (CGU). For the purpose of assessing impairment of intangible assets, assets are grouped at the lowest level of separately identified independent cash inflows which make up the CGU.

c) Impairment of intangible assets

The Company assesses impairment at each reporting period by evaluating the circumstances specific to the organization that may lead to impairment of assets. Judgments are required to assess when impairment indicators, or reversal indicators, exist and impairment testing is required. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of future cash flows, future costs, discount rates and other relevant assumptions.

d) *Deferred income taxes*

Judgments are made by management to determine the likelihood of whether deferred tax assets at the end of the reporting period will be realized from future taxable earnings. Assessing the recoverability of deferred tax assets requires the Company to make significant judgments and estimates related to the expectations of future cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in the statement of loss in the period in which the change occurs.

The Company follows the liability method for calculating deferred taxes. Tax interpretations, regulations and legislation in the various jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty.

Estimates

The following are the key estimates and their assumptions concerning the sources of estimation uncertainty during the reporting periods, that have a significant risk of causing adjustments to the carrying amounts of the assets and liabilities.

a) Valuation and impairment of intangible assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. An impairment loss is recognized when the amount of an asset's or CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less cost of disposal and the value in use. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. Actual results may vary from these estimates and may cause adjustments to the Company's assets in following years.

2. BASIS OF PRESENTATION (cont'd)

Estimates (cont'd)

b) Useful lives of property, plant and equipment and intangible assets

The amounts recorded for depreciation of property and equipment and amortization of intangible assets are based on estimates of the useful lives of the assets and residual values. The Company depreciates property, plant and equipment and amortizes intangible assets over the estimated useful lives of the assets. In determining the estimated useful life of these assets, significant judgment is required. Judgment is required to determine whether events or circumstances warrant a revision to the remaining periods of depreciation and amortization. The Company considers expectations of the in-service period of these assets in determining these estimates. The Company assesses the estimated useful life of these assets on an annual basis to ensure they match the anticipated life of an asset from a revenue producing perspective. If the Company determines that the useful life of an asset is different from the original assessment, changes to depreciation and amortization will be applied prospectively. The estimates of cash flows used to assess the potential impairment of these assets are also subject to measurement uncertainty. A significant change in these estimates and judgments could result in a material change to depreciation and amortization expense or impairment charges.

c) Valuation of inventory

Raw materials and finished goods inventories are measured at the lower of cost and net realizable value. Net realizable value approximates the estimated selling price less all estimated costs of completion and necessary costs to complete the sale. Finished goods costs include the Company's allocation of overhead. This allocation is based on estimated annual production levels determined through management's judgement of the normal capacity of the production facilities.

Allowances are made against obsolete or damaged inventories and charged to cost of sales. The reversal of any write-down of inventory arising from an increase in net realizable value would be recognized as a reduction in cost of sales in the period in which the reversal occurred. The valuation of inventory is based on management's best estimate including historical experience relating to the ultimate selling prices less costs to sell the inventory.

d) Valuation of accounts receivables

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts. Management monitors receivables for indications of impairment on an ongoing basis. The Company recognizes a loss allowance for expected credit losses using the simplified approach which permits the use of the lifetime expected loss provision for all trade receivables.

e) Valuation of investment in secured loan

The Company originally recognized its investment in the secured loan at fair value less transaction costs. The valuation of the investment in secured loan is based on management's best estimate of the collectability of the principal balance as per the terms of the loan participation agreement. Management monitors the investment in secured loan for indications of impairment on an ongoing basis.

f) Share-based compensation

The Company measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires the determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The Company uses a Black-Scholes Option Pricing Model. This fair value estimate also requires determining the most appropriate inputs to the valuation model including the estimated expected life of the stock option, volatility, and dividend yield. The expected volatility is based on the historical volatility of the Company's shares over a period commensurate with the expected term of the share option. The risk-free interest rate for the expected life of the option is based on the yield available on government bonds, with an approximate equivalent remaining term at the end of the grant. Historical data is used to estimate the expected life of the option. As well, the Company estimates its forfeiture rate for equity settled transactions based on historical experience in order to determine the compensation expense arising from the share-based awards. The cost of equity-settled transactions is recognized in the consolidated statement of earnings over the period in which the service condition is fulfilled with the corresponding adjustment added to the contributed surplus account. No expense is recognized for awards that do not vest.

2. BASIS OF PRESENTATION (cont'd)

Estimates (cont'd)

g) Warranties

The Company estimates a provision for warranty costs as the actual future claims to fulfill warranty expenses are unknown. Management bases its estimate on historical costs associated with warranty costs as well as the number of expected warranty claims outstanding. At August 31, 2021 and August 31, 2020 no material warranty claims were expected and therefore no provision was recorded.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of measurement

These consolidated financial statements have been prepared mainly under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Other measurement bases used are described in the applicable accounting policies below.

a) Foreign currency

Transactions in currencies other than Canadian dollars, the Company's functional and presentation currency, are translated at exchange rates prevailing at the time the transactions occurred. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction. Titan Logix USA Corp. is a foreign subsidiary which has the Canadian dollar as its functional currency. All assets and liabilities of the foreign operations are translated to the functional currency at the exchange rate at the reporting date. Revenues and expenses are translated at the rate at the date of the transaction. Exchange gains and losses on foreign currency differences are recognized in earnings in the period incurred.

b) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, balances with banks and investments in guaranteed investment certificates cashable on demand or with original maturities of three months or less.

c) Short term investments

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

d) Accounts receivable

Trade and other receivables are carried at the original amount due from customers, which is considered to be fair value, less allowances for doubtful accounts. Allowance for doubtful accounts is based on a review of all outstanding amounts, where significant doubt about collectability exists, including an analysis of historical bad debts, customer creditworthiness, and any changes in customers' ability to pay. Bad debts identified as uncollectible are included within general and administration expense.

e) Inventories

Inventory of raw materials, work-in-progress and finished goods are stated at the lower of cost, determined on a weighted average basis, or net realizable value. Net realizable value is the amount that would be realized from the sale of the inventory in the ordinary course of business. The cost of work-in-process inventory and finished goods inventory includes the cost of raw material, labor and applicable production overhead costs based on the normal capacity of the production facilities. Obsolete and excess inventory is recorded at the lower of cost or net realizable value. When the applicable cost of the inventories exceeds the net realizable value, inventory is written down to the net realizable value and is subsequently written back up to the original cost if the net realizable value exceeds the book value. All write-downs and reversals are charged to cost of sales.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g) Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset. When significant parts of property, plant and equipment have different useful lives, they are accounted for as individual components of an asset and depreciated according to their specific useful lives.

Property, plant and equipment is depreciated over the estimated useful life of the asset using the following annual rates and methods:

Production and computer equipment	20% declining balance
Research and development equipment	20% declining balance
Office furniture and equipment	Straight-line over 5 years
Automotive equipment	20% declining balance
Leasehold improvements	Straight-line over the term of the lease

Gains and losses on disposals of property, plant and equipment are determined by comparing the disposal proceeds with the carrying amount of the assets and are recognized as other gains or losses in earnings.

h) Intangible assets

Product development costs:

Intangible assets include costs incurred primarily for the development and production of new or substantially improved assets. These costs are capitalized as intangible assets provided they meet all of the following recognition requirements:

- Completion of the intangible asset is technically feasible so that it can be made available for sale;
- The Company has the intent and ability to complete the intangible asset and use or sell it;
- The intangible asset will generate probable future economic benefits which requires that there be a market for the sale of the right to use the intangible asset;
- There are adequate technical, financial and other resources to complete the development of the intangible asset; and
- The expenditure attributable to the development of the intangible asset can be measured reliably.

Capitalized costs include the cost of materials consumed in development activities and payroll and employee benefit expenses associated with product development. Capitalized costs also include third-party development costs.

Upon product commercialization, capitalized product development costs are amortized over their estimated useful life of four to seven years. Amortization expense is recorded as part of amortization in the statement of loss. However, if at any time a product is deemed no longer commercially viable, the balance of the related deferred cost is expensed in the statement of loss. Useful lives and amortization methods are reviewed at each financial year-end and adjusted if appropriate.

Development costs not meeting the criteria for capitalization and expenditures during the research phase of an internal project are expensed in the period in which they are incurred. Costs associated with maintaining intangible assets such as minor updates and repairs are expensed as incurred.

Other intangible assets:

Acquired intangible assets including licenses and computer software are measured on initial recognition at cost and are carried at cost less accumulated amortization and any accumulated impairment losses. All other intangible assets are considered to have finite useful lives. Other intangible assets are amortized on a straight-line basis over the period of their estimated useful lives as follows:

Technology licenses	Term of the license agreement (10 to 20 years)
Software licenses	Term of the license agreement (1 to 3 years)
Software	Expected life of the software system (3 to 5 years)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i) Impairment of non-financial assets

Property, plant and equipment and finite life intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If indicators of impairment exist, the recoverable amount of the asset is estimated. For the purposes of assessing impairment, property, plant and equipment and intangible assets are grouped into cash generating units (CGUs). CGUs are the smallest identifiable group of assets that generate cash flows that are independent of the cash flows of other groups of assets. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Value in use of each CGU is determined using estimated discounted cash flows, which include estimates of future cash flows and a determination of the discount rate. The fair value less costs of disposal is based on available data from sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

For the purpose of measuring recoverable amounts where the recoverable amount of an asset cannot be determined, the assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs).

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

j) Leases

For any new contracts the Company considers whether a contract is, or contains, a lease. A lease is defined as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When applying this definition, the Company assesses whether a contract meets the following:

- The contract involves an identified asset that is explicitly or implicitly identified in the contract and is physically distinct;
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset, having the right to direct how and for what purpose the asset is used throughout the period of use.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Right-of-use assets are measured at cost, which is equal to the amount of the initial measurement of the lease liability, less any incentives received, plus any lease payments made at, or before the commencement date and initial direct costs and asset restoration costs, if any. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease tern on a straight-line basis.

The lease liability is initially measured at the present value of the lease payments which may include; fixed lease payments and payments to exercise an extension or termination option, if the Company is reasonably certain to exercise either of these options. The present value of the liability is discounted using the interest rate implicit in the lease or, if that rate is not readily determined, the Company's incremental borrowing rate. Lease liabilities are subsequently measured at amortized cost using the effective interest method. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to earnings or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease liability is reduced as payments are made against the principal portion of the lease.

Short-term leases that have a lease term of 12 months or less and leases of low-value assets (less than $5,000) are not recognized as right-of-use assets and lease liabilities. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

k) Warranty provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions for warranty costs are recognized at the time the necessity of such provision is evident and measured at management's best estimate of the expenditure required to settle the obligation. All provisions are reviewed at the end of the reporting period, and are discounted to present value where the time value of money is material.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l) Revenue recognition

The Company generates revenues from product sales. Revenue for the sale of product is recognized at the point in time when control or ownership of the product is transferred to the customer, generally when the products are shipped, and when collectability is probable. The Company's standard warranty period is not considered to be a distinct performance obligation. Warranties are accounted for as warranty obligations and the estimated cost of satisfying them is recognized at the time the necessity of such provision is evident. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities. The Company does not have any revenue contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As such, the Company does not adjust any of the transaction prices for the time value of money.

m) Cost of sales

Cost of sales includes the cost of components, direct and indirect labor, a proportionate share of overhead cost, the costs associated with delivery, warranty costs, inventory valuation adjustments, depreciation and engineering costs related to product support and enhancements.

n) Financial instruments

The Company initially measures financial assets and financial liabilities at fair value. Transaction costs that are directly attributable to the issuance of financial assets or liabilities are accounted for as part of the carrying value at inception (except for transaction costs related to financial instruments recorded as fair value through profit or less ("FVTPL") financial assets which are expensed as incurred).

The classification and methods of measurement subsequent to initial recognition of the financial assets and financial liabilities are: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPTL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Company's financial assets which consist of cash and cash equivalents, accounts receivable, and investment in secured loan are classified at amortized cost and are measured at amortized cost using the effective interest method, less any impairment.

A financial asset is derecognized when the Company no longer has the rights to the contractual cash flows due to expiration of that right or the transfer of the risks and rewards of ownership to another party.

The Company recognizes a loss allowance for expected credit losses on its financial assets. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience, informed credit assessments, and forward looking information. In applying this forward-looking information in the expected loss impairment model, a three-stage approach is applied to measure the allowance for credit losses.

- Stage 1: Represents financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk.
- Stage 2: Represents financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low.
- Stage 3: Represents financial assets that have objective evidence of impairment at the reporting date.

Twelve-month expected credit losses are recognized for the first category while lifetime expected credit losses are recognized for the second category. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The Company's financial liabilities consist of accounts payable and accrued liabilities which have been classified as financial liabilities at amortized cost and are measured at amortized cost using the effective interest method.

A financial liability is derecognized when the obligation is discharged, cancelled, or expired.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

o) Comprehensive loss

Comprehensive loss is the change in shareholders' equity (net assets) of the Company during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period, except those resulting from investments by owners and distributions to owners. The Company does not have other comprehensive loss, and accordingly, comprehensive loss and net loss are equal.

p) Share–based compensation

The Company grants stock options to directors, employees or other people who provide management services to the Company. The stock options are equity settled. The cost of the stock options granted are measured at their fair value at the date on which they were granted. The fair value is estimated using the Black-Scholes Option Pricing Model, taking into account market conditions relating to the Company's shares. Compensation expense is recognized over the vesting period in the statement of loss with a corresponding increase in contributed surplus. No expense is recognized for awards that do not vest. Any consideration received upon exercise of stock options is recorded as an increase in share capital together with a transfer of the amount recorded in contributed surplus to share capital.

q) Government assistance

The Company has access to government programs that provide funding for a portion of salaries paid out to employees. Government grants are recognized when there is a reasonable assurance that the grant will be received and the Company will comply with all conditions related to the grant. A grant without specified future performance conditions is recognized in earnings when the grant proceeds are receivable. Government grants in the form of forgivable loans are treated as a government grant when there is reasonable assurance that the Company will meet the terms for forgiveness of a loan. In fiscal 2021, the Company received wage subsidy funding through the Government of Canada's, Canada Emergency Wage Subsidy ("CEWS") that was available to any employer, subject to eligibility criteria, whose business has been adversely affected by COVID-19. In addition, in fiscal 2020, the Company's wholly owned subsidiary received approval and funding under its application for the United States Small Business Administration, Paycheck Protection Program pursuant to the U.S. Coronavirus Aid, Relief, and Economic Security Act. Wage subsidies are recorded as a reduction of salary expense.

r) Investment tax credits

The Company is eligible for certain investment tax credits relating to qualifying scientific research and experimental development (SRED) expenditures. Based on the technical merit of its claim and management's assessment of the certainty of realization, tax benefits associated with investment tax credits are recorded as a reduction in research and development expenses or as a reduction in product development costs capitalized depending on the nature of the expenditure.

s) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted, or substantively enacted, at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax is computed on the basis of tax profit which differs from net profit.

Deferred tax

The Company follows the liability method for calculating deferred taxes. Under this method, deferred taxes are recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and where, at the time of the transaction, neither accounting profit nor taxable profit was affected. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

t) Loss per share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted loss per share reflect the potential dilution that would occur if stock options were exercised. Diluted loss per share is calculated by dividing net loss available to common shareholders by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding arising from the exercise of potentially dilutive stock options outstanding during the period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

t) Loss per share (cont'd)

The Company uses the treasury method for outstanding options which assumes that the proceeds that could be obtained upon exercise of options are used to purchase the Company's common shares at the average market price during the period. Anti-dilutive amounts are not considered in computing diluted loss per share.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

As at	August 31, 2021 $	August 31, 2020 $
Cash on hand and balances with banks	7,505,365	1,416,210
Guaranteed investment certificates	2,280,939	7,967,469
	9,786,304	9,383,679

5. ACCOUNTS RECEIVABLE

As at	August 31, 2021 $	August 31, 2020 $
Trade receivables	722,637	422,918
Allowance for doubtful accounts	(55,510)	(55,510)
Net trade receivables	667,127	367,408
Other receivables	62,945	239,311
	730,072	606,719

During the year ended August 31, 2021, the allowance for doubtful accounts was increased for bad debt expense of $nil (2020 -$12,722), which is included in general and administration expenses. During the year ended August 31, 2021, the allowance for doubtful accounts was reduced by receivables written off of $nil (2020 - $10,856). Other receivables include accrued interest on GIC and other investments and subsidy funding through various government programs.

6. INVENTORIES

As at	August 31, 2021 $	August 31, 2020 $
Raw materials	322,925	278,346
Work in progress and finished goods	601,404	755,187
	924,329	1,033,533

During the year ended August 31, 2021, inventory write-downs of $15,370 (2020 – $1,537) were included in cost of sales. There were no reversals of write-downs that were taken in previous periods (2020 – $nil). During the year ended August 31, 2021, the carrying amount of inventory charged to costs of sales was $1,384,987 (2020 - $1,564,862).

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Production and computer equipment	Research and development equipment	Office furniture and equipment	Automotive equipment	Leasehold improvements	Total
	$	$	$	$	$	$	$
Cost							
As at August 31, 2019	30,000	432,080	152,890	47,482	20,147	83,796	766,395
Additions	-	13,286	-	2,634	-	87,089	103,009
Impairments	-	(57,514)	(4,827)	(49,389)	-	(80,263)	(191,993)
As at August 31, 2020	30,000	387,852	148,063	727	20,147	90,622	677,411
Additions	-	16,518	1,454	8,884	-	-	26,856
Disposals	-	(4,184)	-	-	-	-	(4,184)
As at August 31, 2021	30,000	400,186	149,517	9,611	20,147	90,622	700,083
Accumulated depreciation							
As at August 31, 2019	-	286,779	113,684	47,239	20,147	80,499	548,348
Depreciation	-	30,005	7,844	1,694	-	4,743	44,286
Impairments	-	(53,591)	(3,916)	(48,674)	-	(80,263)	(186,444)
As at August 31, 2020	-	263,193	117,612	259	20,147	4,979	406,190
Depreciation	-	26,160	6,233	1,768	-	18,135	52,296
Disposals	-	(1,957)	-	-	-	-	(1,957)
As at August 31, 2021	-	287,396	123,845	2,027	20,147	23,114	456,529
Net book value							
As at August 31, 2020	30,000	124,659	30,451	468	-	85,643	271,221
As at August 31, 2021	30,000	112,790	25,672	7,584	-	67,508	243,554

During the year ended August 31, 2021, the Company identified indicators of impairment due to the business impact of COVID-19. Therefore, an impairment analysis was performed on the property, plant and equipment. The Company estimated the recoverable amount using the fair value less costs of disposal approach. The Company estimated fair value using market information and discounted cash flow projections, which is known as the income approach. The income approach used the CGU's projection and estimated operating results and discounted cash flows based on a discount rate that reflects current market conditions. As the recoverable amount exceeded the carrying value of the CGU, no impairment was required. The Company did not identify any assets that were considered obsolete and therefore no impairment charges were recorded for the year ended August 31, 2021.

At August 31, 2020, the Company identified indicators of asset impairment, therefore impairment charges of $5,549 were recognized in 2020 to reduce the carrying amount of the assets to their fair value less costs of disposal.

The key assumptions used in estimating fair value less costs of disposal are the comparability of assets used in the sales comparison approach and any adjustments made to take into account differences, as well as the estimated costs of disposal.

8. RIGHT-OF-USE ASSETS

	Building $	Office equipment $	Total $
Cost			
As at September 1, 2019	639,260	7,946	647,206
Additions	-	-	-
As at August 31, 2020	639,260	7,946	647,206
Disposals	(21,386)	-	(21,386)
As at August 31, 2021	617,874	7,946	625,820
Accumulated depreciation			
As at September 1, 2019	-	-	-
Depreciation	142,093	2,073	144,166
As at August 31, 2020	142,093	2,073	144,166
Depreciation	135,128	2,073	137,201
Disposals	(21,386)	-	(21,386)
As at August 31, 2021	255,835	4,146	259,981
Net book value			
As at August 31, 2020	497,167	5,873	503,040
As at August 31, 2021	362,039	3,800	365,839

9. INTANGIBLE ASSETS

	Technology licenses $	Software $	Product development costs $	Total $
Cost				
As at August 31, 2019	104,660	20,456	1,665,567	1,790,683
Disposals	-	(20,456)	-	(20,456)
As at August 31, 2020	104,660	-	1,665,567	1,770,227
SR&ED, investment tax credits	-	-	(60,852)	(60,852)
As at August 31, 2021	104,660	-	1,604,715	1,709,375
Accumulated amortization				
As at August 31, 2019	74,662	20,373	371,087	466,122
Amortization	3,829	83	274,787	278,699
Disposals	-	(20,456)	-	(20,456)
As at August 31, 2020	78,491	-	645,874	724,365
Amortization	3,835	-	265,334	269,169
As at August 31, 2021	82,326	-	911,208	993,534
Net book value				
As at August 31, 2020	26,169	-	1,019,693	1,045,862
As at August 31, 2021	22,334	-	693,507	715,841

Once an intangible asset is fully amortized, the gross amount and related accumulated amortization are de-recognized from the accounts. The Company currently does not have any intangible assets with indefinite useful lives.

9. INTANGIBLE ASSETS (cont'd)

Impairment

Product development costs

At August 31, 2021 and August 31, 2020, all product development costs were being amortized as the developed products had been commercialized. The Company determined that an indicator of asset impairment existed at August 31, 2021 and 2020, namely the business impact of COVID-19. Therefore, an asset impairment test was performed. The Company estimated the recoverable amount using the fair value less costs of disposal approach. The recoverable amount of the Company's CGU exceeded the carrying value and therefore no impairment was required at August 31, 2021 and 2020.

10. INVESTMENTS

Investment in secured loan

As at	August 31, 2021 $	August 31, 2020 $
Beginning of the year	3,750,704	4,167,291
Amendment fee	(25,000)	(50,000)
Principal repayments	(400,000)	(400,000)
Amortization of commitment and amendment fees	59,033	33,413
Payment in kind interest	81,107	-
End of the year	3,465,844	3,750,704
Current portion of investment in secured loan	385,865	385,363
Long-term portion of investment in secured loan	3,079,979	3,365,341
	3,465,844	3,750,704

On November 6, 2017, the Company entered into a loan participation agreement with Greypoint Capital Inc. (as administrative agent) and Greypoint Capital L.P. (as co-lender). Pursuant to the loan participation agreement, the Company has co-invested $5 million of a $10 million five-year secured loan to a company in the energy services industry (the "Borrower"). The loan is secured by a first priority security interest in the Borrower's real estate and equipment and a second priority security interest on the working capital assets of the Borrower. The loan is for a 60-month term and bears interest at the 30-day bankers' acceptance rate plus 9.5% (2020 – 9.5%), with a payment of $33,333 principal plus interest paid monthly. The Borrower may prepay the loan at any time subject to set terms. Principal repayments of $400,000 (2020 - $400,000) were received in the year ended August 31, 2021. The terms of the agreement included an upfront commitment fee from the Borrower of $75,000 and therefore the Company recorded the initial value of the investment in secured loan at an amortized cost of $4,925,000. The $75,000 commitment fee is amortized over the term of the loan and included in interest income. In December 2018, May 2019, July 2020, and April 2021 the credit agreement with the Borrower was amended for covenant terms, subject to an amendment fee. The cumulative amendment fees of $137,500 (2020 - $112,500) are amortized over the remaining term of the loan and included in finance income. The July 2020 amendment included a 2.0% payment-in-kind (PIK) interest on the loan until loan maturity. The PIK interest is accrued on the loan by being added to the principal amount to be repaid or the Borrower will have the option to pay monthly.

During the year ended August 31, 2021, the Company's investment in the secured loan to Greypoint Capital Inc. generated finance income of $531,174 (2020 - $487,012) (note 16).

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	August 31, 2021 $	August 31, 2020 $
Trade payables	99,054	199,234
Other payables and accrued liabilities	239,485	230,976
	338,539	430,210

Other payables and accrued liabilities are primarily comprised of royalties payable and employee and payroll liabilities.

12. LEASE OBLIGATIONS

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

Lease liabilities

As at	August 31, 2021 $	August 31, 2020 $
Beginning of the year	514,790	647,206
Finance costs	22,453	29,029
Lease payments	(153,304)	(161,445)
End of the year	383,939	514,790
Lease liabilities due within one year	130,203	130,850
Lease liabilities due beyond one year	253,736	383,940
	383,939	514,790

Future minimum lease payments at August 31, 2021 are as follows:

	Within one year $	One to five years $	Total $
Lease payments	146,280	265,900	412,180
Finance charges	16,078	12,163	28,241
Net present value	130,202	253,737	383,939

13. CREDIT FACILITIES

The Company maintains a general security agreement with its chartered bank with respect to corporate credit cards held. At August 31, 2021 and 2020 total credit available was $100,000.

14. INCOME TAXES

a) Income tax expense

For the years ended August 31,	2021 $	2020 $
Current tax expense		
Current period	13,267	-
Adjustment for prior years	2,304	-
Deferred tax expense		
Origination and reversal of temporary differences	(68,210)	(134,063)
Change in tax rates	-	-
Change in unrecognized deductible temporary differences	68,210	134,063
Total income tax expense	15,571	-

14. INCOME TAXES (cont'd)

a) Income tax expense (cont'd)

The actual income tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate tax rates of 23% to income before tax. These differences result from the following items:

For the years ended August 31,	2021 $	2020 $
Loss before income taxes	(211,786)	(578,356)
Statutory income tax rate	23.00%	23.00%
Expected income taxes	(48,711)	(133,022)
Increase (decrease) resulting from:		
Non-deductible expenses	(11,061)	7,312
Change in unrecognized assets	68,210	134,063
Change in tax rates and rate differences	(8,671)	(14,809)
Change in estimates related to previous years	2,304	(6,115)
Other	13,500	12,571
Income tax expense	15,571	-

b) Deferred tax assets and liabilities

The components of the Company's deferred tax asset (liability) are as follows:

As at	August 31, 2021 $	August 31, 2020 $
Non-capital losses	255,232	350,714
Lease obligations and accruals	-	3,805
Intangible assets, net of investment tax credits	(159,507)	(234,529)
Property, plant and equipment and right-of-use assets	(84,143)	(116,274)
Government assistance	(11,582)	(3,716)
	-	-

Deferred tax assets have not been recognized in respect of the following items:

As at	August 31, 2021 $	August 31, 2020 $
Deductible temporary differences	2,796,630	1,782,121
Tax losses	1,345,916	2,019,278
	4,142,546	3,801,399

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits.

For the year ended August 31, 2021, the Company has $2,941,607 (2020 - $3,522,056) of Canadian non-capital loss carryforwards, of which $1,351,480 have not been recognized and begin to expire in 2036 (2020 - $420,130; expire in 2036).

15. SHARE CAPITAL

a) Authorized

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

b) Issued

The continuity of the Company's issued common shares is as follows:

	#	August 31, 2021 $	#	August 31, 2020 $
Issued, beginning of year	28,536,132	5,730,279	28,536,132	5,730,279
Issued, end of year	28,536,132	5,730,279	28,536,132	5,730,279

c) Share-based compensation

The Company has a stock option plan for directors, officers, employees and consultants and permits the issue of options to purchase common shares of the Company. Subject to approval by the Board of Directors and the TSX Venture Exchange, a maximum of 3,000,000 (August 31, 2020 – 3,000,000) common shares are reserved for issue under this plan. The number of options and exercise price is set by the Board of Directors of the Company at the time of issue, provided that the exercise price shall not be less than the market price of the common shares on the stock exchange on which such shares are traded. The options issued vest in accordance with vesting schedules determined at the time of grant and may be exercised for a period not longer than five years from the time of issue.

At August 31, 2021, the Company has 300,000 (2020 – 300,000) options outstanding, which expire on dates between April 2024 and January 2025. The continuity of the Company's outstanding and exercisable options is as follows:

		August 31, 2021		August 31, 2020
	Number of options outstanding #	Weighted average exercise price $	Number of options outstanding #	Weighted average exercise price $
Outstanding, beginning of year	300,000	0.56	420,000	0.62
Granted	-	-	50,000	0.49
Forfeited	-	-	(170,000)	0.68
Outstanding, end of year	300,000	0.56	300,000	0.56
Exercisable, end of year	300,000	0.56	300,000	0.56

The following table summarizes information about stock options outstanding and exercisable as at August 31, 2021.

Exercise price	Options outstanding	Average remaining life (in years)	Options vested	Options not vested
$ 0.57	250,000	2.64	250,000	-
$ 0.49	50,000	3.41	50,000	-
Total, end of year	300,000		300,000	-

15. SHARE CAPITAL (cont'd)

The following table summarizes information about stock options outstanding and exercisable as at August 31, 2020.

Exercise price	Options outstanding	Average remaining life (in years)	Options vested	Options not vested
$ 0.57	250,000	3.64	250,000	-
$ 0.49	50,000	4.41	50,000	-
Total, end of year	300,000		300,000	-

During the year ended August 31, 2021 no options were granted. During the year ended August 31, 2020, 50,000 stock options were granted with a weighted average grant date fair value of $0.21 per common share as determined using the Black-Scholes Option Pricing Model with an expected volatility of 47.5%. These options were granted on January 27, 2020 at an exercise price of $0.49 and expire on January 27, 2025. These options vested immediately.

During the year ended August 31, 2021 no stock options were forfeited (year ended August 31, 2020 - 170,000 stock options that had a weighted average exercise price of $0.68 were forfeited).

16. FINANCE INCOME

For the years ended August 31,	2021 $	2020 $
Interest from investment in secured loan	531,174	487,012
Interest from investments in guaranteed investment certificates	97,448	185,866
Other interest income	34,487	23,097
	663,109	695,975

17. NATURE OF EXPENSES

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

For the years ended August 31,	2021 $	2020 $
Employee salaries and benefits		
Included in cost of sales	329,336	374,920
Included in total expenses	1,530,932	1,801,178
Total employee salaries and benefits	1,860,268	2,176,098
Depreciation and amortization		
Included in cost of sales	89,937	93,029
Included in total expenses	368,729	374,122
Total depreciation and amortization	458,666	467,151

During the years ended August 31, 2021, in response to the COVID-19 pandemic the Company received wage subsidy funding through the Government of Canada's, Canada Emergency Wage Subsidy ("CEWS"). This program was available to any employer, subject to eligibility criteria, whose business has been adversely affected by COVID-19. Payroll expenses for the year ended August 31, 2021 were reduced by $463,373 with respect to the CEWS program (year ended August 31, 2020: - $440,656 reduction with respect to CEWS and the United States Small Business Paycheck Protection Program). In April 2020, the Company qualified for the Paycheck Protection Program loan ("PPP") in the United States which had been made available by the US Small Business Administration to eligible US businesses that have been affected by the COVID-19 crisis by the COVID-19 pandemic. As at August 31, 2021, the entire PPP loan has been forgiven. The amount of $86,354 had been recorded when received within the net loss in the Statement of Loss and Comprehensive Loss during the year ended August 31, 2020.

18. LOSS PER SHARE

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

For the years ended August 31,	2021 $	2020 $
Net loss (numerator for basic and diluted loss per share)	(227,357)	(578,356)
Weighted average number of shares outstanding – basic (denominator for basic loss per share)	28,536,132	28,536,132
Effect of dilutive securities		
Stock options converted to common shares	-	-
Weighted average number of shares outstanding – diluted (denominator for diluted loss per share)	28,536,132	28,536,132
Basic loss per share	(0.01)	(0.02)
Effect of dilutive securities	0.00	0.00
Diluted loss per share	(0.01)	(0.02)

For the year ended August 31, 2021, there were 300,000 antidilutive options (2020 – 300,000). 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.

19. CHANGE IN NON-CASH OPERATING WORKING CAPITAL

For the years ended August 31,	2021 $	2020 $
Accounts receivable	(123,353)	360,154
Inventories	93,834	(109,208)
Prepaid expenses	74,425	(3,978)
Income tax recoverable (payable)	12,479	(14,726)
Accounts payable and accrued liabilities	(91,671)	(149,170)
	(34,286)	83,072

20. 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 year was as follows:

For the years ended August 31,	2021 $	2020 $
Salaries and short-term employee benefits	401,129	436,261
Share-based compensation	-	10,500
	401,129	446,761

During the years ended August 31, 2021 and 2020, 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. Salaries for the year were reduced by $46,819 with respect to Government of Canada's, CEWS (year ended August 31, 2020: $40,656).

21. CAPITAL MANAGEMENT

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

As at	August 31, 2021 $	August 31, 2020 $
Share capital	5,730,279	5,730,279
Contributed surplus	780,708	780,708
Retained earnings	9,026,975	9,254,332
	15,537,962	15,765,319

22. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, investment in secured loan, accounts payable and accrued liabilities and lease liabilities. The carrying amounts of the current financial assets and current financial liabilities recognized in the Company's consolidated financial statements at the end of the reporting period approximate their fair value due to their short period to maturity. Using the effective interest rate method, the fair value of the secured loan approximates its carrying value as the effective interest rate approximates the market interest rate.

23. FINANCIAL RISK MANAGEMENT

The Company is exposed to a number of risks as a result of holding financial instruments. These risks include credit risk, liquidity risk and market risk. The nature of the financial risks and the Company's strategy for managing these risks has not changed significantly from the prior period. The Company does not use financial derivatives.

a) Credit risk

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

The Company's maximum exposure to credit risk for accounts receivable is the carrying value of its accounts receivable balance at August 31, 2021 of $785,582 (2020 - $662,219). The Company's allowance for doubtful accounts as at August 31, 2021 amounted to $55,510 (2020 - $55,510). As at August 31, 2021, the percentages of past due trade accounts receivable were as follows: 4% past due 61 to 90 days (2020– 13%) and 20% past due greater than 90 days (2020 – 10%) prior to including the allowance for doubtful accounts. It is management's view that these balances, net of the allowance for doubtful accounts, have a low risk of not being collected.

The Company's maximum exposure to credit risk for its investment in secured loan is the carrying value of the investment in secured loan's balance at August 31, 2021 of $3,547,774 (August 31, 2020 - $3,866,667). In investing in the secured loan, the Company considered the Company's future liquidity requirements and evaluated whether the Company had plans to sell the investment in the secured loan before recovery. The Company considered general industry conditions, the credit worthiness and credit history of the Borrower. The Company also considered specific conditions related to the financial health of and business outlook for the Borrower, including business outlook, industry and sector performance, changes in technology, and operational and financing cash flow factors. The Company also took into consideration security interest issued as collateral. The Company's investment in secured loan is subject to compliance with reasonable and customary positive and negative covenants for loans of its

23. FINANCIAL RISK MANAGEMENT (cont'd)

a) Credit risk (cont'd)

nature. As at August 31, 2021, the Borrower is in compliance with all terms of the loan agreement. Management monitors the investment in secured loan for indications of impairment on an ongoing basis including the extended impact of COVID-19 on the Borrower's business.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due or to fund the programs and commitments that the Company has planned. The Company manages liquidity risk through management of its capital structure in conjunction with cash flow forecasting including anticipated investing and financing activities. The Company believes that internally generated cash flows and current cash balances will be sufficient to cover its normal operating and capital expenditures for the current fiscal year. The Company's contractual obligations related to financial liabilities are its accounts payable and accrued liabilities balance at August 31, 2021 of $338,539 and lease obligations of $383,939 (2020 – accounts payable and accrued liabilities of $430,210 and lease obligations of $514,790).

c) Market risk

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.

At August 31, 2021, based on management's interest rate risk sensitivity analysis, a one-half percent change in market interest rates would have had an impact of approximately $57,787 (2020 – $59,010) on the Company's net earnings.

Currency risk

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

At August 31, 2021, the Company held net financial assets of US$1,120,127 (2020 - US$990,743) that were exposed to foreign exchange risk. Based on the Company's foreign currency exposures, with other variables unchanged, a five percent appreciation/ depreciation in the Canadian dollar would have impacted net earnings by approximately $70,663 (2020 - $64,606).

24. SEGMENTED REPORTING

The Company operates substantially all of its activities in one reportable segment, technology fluid management solutions, which include the developing, manufacturing and marketing of innovative fluid measurement and management 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	2021 $	2020 $
Canada	1,013,403	1,132,829
United States and other	2,520,221	2,977,206
	3,533,624	4,110,035

For the year ended August 31, 2021, revenue from a single customer made up 13% of total revenue in the period and for the year ended August 31, 2020, revenue from a single customer of the Company made up 12% of total revenue.

At August 31, 2021, non-current assets held in Canada were $4,401,930 (2020 - $5,174,232) and in the United States were $3,283 (2020 - $11,232).

TITAN LOGIX

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Helen Cornett, CPA, CA
Audit Committee Chairperson

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

Alvin Pyke, P.Eng.
Chief Executive Officer

Officers:

Alvin Pyke, P. Eng.
Chief Executive Officer

Angela Schultz, CPA, CMA
Chief Financial Officer

Auditors:

Grant Thornton LLP

www.titanlogix.com