Interim Consolidated Financial Statements

Q1 Fiscal 2022

November 30, 2021

Notice of No Auditor Review of Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements and related notes for the period ended November 30, 2021 have been prepared by and are the responsibility of management of Titan Logix Corp. The auditors of Titan Logix Corp. have not audited or reviewed these interim condensed consolidated financial statements.

	November 30, 2021 $	August 31, 2021 $
ASSETS		
Current assets		
Cash and cash equivalents (note 4)	9,769,122	9,786,304
Accounts receivable	444,259	730,072
Inventories	1,102,614	924,329
Prepaid expenses	91,867	41,924
Current portion of investment in secured loan (note 5)	3,400,873	385,865
Total current assets	14,808,735	11,868,494
Non-current assets		
Property, plant and equipment	230,835	243,554
Right-of-use assets	333,376	365,839
Intangible assets	657,754	715,841
Investment in secured loan (note 5)	-	3,079,979
Total assets	16,030,700	16,273,707
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	290,440	338,539
Income tax payable	13,267	13,267
Current portion of lease obligations (note 6)	131,821	130,203
Total current liabilities	435,528	482,009
Non-current liabilities		
Lease obligations (note 6)	220,168	253,736
Total liabilities	655,696	735,745
Shareholders' equity		
Share capital (note 7)	5,730,279	5,730,279
Contributed surplus	780,708	780,708
Retained earnings	8,864,017	9,026,975
Total shareholders' equity	15,375,004	15,537,962
Total liabilities and shareholders' equity	16,030,700	16,273,707

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

On behalf of the Board

"Grant Reeves"
Director

"Helen Cornett"
Director

For the three months ended November 30,	2021 $	2020 $
Revenue	624,134	849,184
Cost of sales	294,251	468,011
Gross profit	329,883	381,173
Expenses		
General and administration	265,900	240,938
Marketing and sales	177,572	207,133
Engineering	142,447	131,977
Depreciation of property, plant and equipment	9,638	9,348
Depreciation of right-of-use assets	13,287	17,096
Amortization of intangible assets	58,087	70,075
(Gain) loss on foreign exchange	(32,947)	5,576
Total expenses	633,984	682,143
Operating loss before other items	(304,101)	(300,970)
Other items		
Finance income (note 8)	145,763	165,396
Interest on leases	(4,620)	(6,231)
Loss on disposal of property, plant and equipment	-	(683)
Total other items	141,143	158,482
Loss before income taxes	(162,958)	(142,488)
Income tax expense	-	-
Net loss and comprehensive loss	(162,958)	(142,488)
Loss per share (note 10)		
Basic and Diluted	(0.01)	(0.00)

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

.

	Common Shares #	Share Capital $	Contributed Surplus $	Retained Earnings $	Total Equity $
Balance, August 31, 2021	28,536,132	5,730,279	780,708	9,026,975	15,537,962
Net loss	-	-	-	(162,958)	(162,958)
Balance, November 30, 2021	28,536,132	5,730,279	780,708	8,864,017	15,375,004

	Common Shares #	Share Capital $	Contributed Surplus $	Retained Earnings $	Total Equity $
Balance, August 31, 2020	28,536,132	5,730,279	780,708	9,254,332	15,765,319
Net loss	-	-	-	(142,488)	(142,488)
Balance, November 30, 2020	28,536,132	5,730,279	780,708	9,111,844	15,622,831

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

For the three months ended November 30,	2021 $	2020 $
Cash provided by (used in)		
Operating activities		
Net loss	(162,958)	(142,488)
Non-cash items included in net loss		
Interest on leases	4,620	6,231
Depreciation of property, plant and equipment	12,719	12,612
Depreciation of right-of-use assets	32,463	36,272
Amortization of intangible assets	58,087	70,075
Loss on disposal of property, plant and equipment	-	683
Finance income (note 8)	(145,763)	(165,396)
Changes in non-cash operating working capital (note 11)	9,486	147,939
Net cash used in operating activities	(191,346)	(34,072)
Investing activities		
Payments received on investment in secured loan (note 5)	100,000	100,000
Finance income received (note 8)	110,734	151,961
Purchase of property, plant and equipment	-	(13,231)
Proceeds from disposal of property, plant and equipment	-	100
Net cash provided by investing activities	210,734	238,830
Financing activities		
Payment of lease obligation (note 6)	(36,570)	(40,083)
Net cash used in financing activities	(36,570)	(40,083)
Net (decrease) increase in cash and cash equivalents	(17,182)	164,675
Cash and cash equivalents, beginning of period	9,786,304	9,383,679
Cash and cash equivalents, end of period	9,769,122	9,548,354

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

1. NATURE OF OPERATIONS

Titan Logix Corp. (the "Company") is a public company incorporated and domiciled in Canada and its common shares trade on the TSX Venture Exchange under the symbol TLA. The head office for the Company is located in Edmonton, Alberta, Canada. The address of the Company's registered office is #2600 10180 101 Street, Edmonton, AB T5J 3Y2.

For over 25 years, Titan Logix Corp. has designed and manufactured advanced measurement solutions to help businesses reduce risk and maximize efficiencies in bulk liquids transportation. Titan's TD Series of tank level monitors are a market leader in mobile fluid measurement, and are known for their high level of accuracy, rugged design, and solid-state reliability. Our solutions are designed for hazardous and non-hazardous applications, and we serve customers in a wide range of applications including petroleum, environmental solutions, chemical, and agriculture.

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 November 30, 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 unaudited condensed consolidated interim financial statements for the three months ended November 30, 2021 and November 30, 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). They have been prepared in accordance with IAS 34, "Interim Financial Reporting" and do not contain all necessary annual disclosures in accordance with IFRS.

The unaudited condensed consolidated interim financial statements of the Company for the three months ended November 30, 2021 were authorized for issue in accordance with a resolution of the directors on January 19, 2022.

Principles of consolidation

These unaudited condensed consolidated interim financial statements include the financial statements of Titan Logix Corp. and its wholly owned subsidiary, Titan Logix USA Corp. The financial statements for the subsidiary are prepared for the same reporting period as the parent company using consistent accounting policies. All intercompany transactions and balances have been eliminated in the preparation of these consolidated financial statements.

Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements, in all material respects, follow the same accounting policies and method of application as the annual audited consolidated financial statements of the preceding fiscal year. Accordingly, these unaudited condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended August 31, 2021.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

As at	November 30, 2021 $	August 31, 2021 $
Cash on hand and balances with banks	7,488,183	7,505,365
Guaranteed investment certificates	2,280,939	2,280,939
	9,769,122	9,786,304

5. INVESTMENTS

Investment in secured loan

As at	
August 31, 2021	$ 3,465,844
Principal repayments	(100,000)
Amortization of commitment fee and amendment fee	17,475
Payment in kind interest	17,554
November 30, 2021	$ 3,400,873

As at	November 30, 2021 $	August 31, 2021 $
Current portion of investment in secured loan	3,400,873	385,865
Long-term portion of investment in secured loan	-	3,079,979
	3,400,873	3,465,844

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 $100,000 were received in the three months ended November 30, 2021 (November 30, 2020 - $100,000). 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 (November 30, 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.

The credit agreement with the Borrower is contractually due on November 5, 2022 and therefore is classified as a current asset at November 30, 2021.

During the three months ended November 30, 2021, the Company’s investment in the secured loan to Greypoint Capital Inc. generated finance income of $127,183 (November 30, 2020 - $114,126) (note 8).

6. FINANCE 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

	$
Balance at August 31, 2021	383,939
Finance costs	4,620
Lease payments	(36,570)
Balance at November 30, 2021	351,989
Lease liabilities due within one year	131,821
Lease liabilities due beyond one year	220,168

7. SHARE CAPITAL

a) Authorized

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

b) Issued

The Company has 28,536,132 issued common shares (August 31, 2021 – 28,536,132).

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, 2021 – 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 November 30, 2021, the Company has 300,000 (August 31, 2021 – 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:

	Three months ended November 30, 2021		Twelve months ended August 31, 2021	
	Number of options outstanding #	Weighted average exercise price $	Number of options outstanding #	Weighted average exercise price $
Outstanding, beginning of period	300,000	0.56	300,000	0.56
Outstanding, end of period	300,000	0.56	300,000	0.56
Exercisable, end of period	300,000	0.56	300,000	0.56

The following table summarizes information about stock options outstanding and exercisable as at November 30, 2021.

Exercise price	Options outstanding	Average remaining life (in years)	Options vested	Options not vested
$ 0.57	250,000	2.39	250,000	-
$ 0.49	50,000	3.16	50,000	-
Total, end of period	300,000		300,000	-

During the three months ended November 30, 2021 and November 30, 2020 no options were granted.

8. FINANCE INCOME

For the three months ended November 30,	2021	2020
	$	$
Interest from investment in secured loan	127,183	114,126
Interest from investments in guaranteed investment certificates	5,730	50,957
Other interest income	12,850	313
	145,763	165,396

9. NATURE OF EXPENSES

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

For the three months ended November 30,	2021	2020
	$	$
Employee salaries and benefits		
Included in cost of sales	51,695	82,209
Included in total expenses	368,716	368,024
Total employee salaries and benefits	420,411	450,233
Depreciation and amortization		
Included in cost of sales	22,257	22,440
Included in total expenses	81,012	96,519
Total depreciation and amortization	103,269	118,959

During the three months ended November 30, 2021 and November 30, 2020, 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 three months ended November 30, 2021 were reduced by $76,281 with respect to the CEWS program (November 30, 2020: $113,835).

10. LOSS PER SHARE

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

For the three months ended November 30,	2021	2020
	$	$
Net loss (numerator for basic and diluted loss per share)	(162,958)	(142,488)
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)	(0.00)
Effect of dilutive securities	0.00	0.00
Diluted loss per share	(0.01)	(0.00)

For the three months ended November 30, 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.

11. CHANGE IN NON-CASH OPERATING WORKING CAPITAL

For the three months ended November 30,	2021 $	2020 $
Accounts receivable	285,813	53,148
Inventories	(178,285)	168,883
Prepaid expenses	(49,943)	35,601
Accounts payable and accrued liabilities	(48,099)	(109,693)
	9,486	147,939

12. RELATED PARTY TRANSACTION

Key Management Personnel Compensation

The Company's key management personnel include its directors and executive. Compensation to key management personnel of the Company for the period was as follows:

For the three months ended November 30,	2021 $	2020 $
Salaries and short-term employee benefits	128,571	95,043
	128,571	95,043

During the three months ended November 30, 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 three months ended November 30, 2021 were reduced by $7,507 with respect to Government of Canada's, CEWS program (November 30, 2020: $12,673).

13. 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 period.

As at	November 30, 2021 $	August 31, 2021 $
Share capital	5,730,279	5,730,279
Contributed surplus	780,708	780,708
Retained earnings	8,864,017	9,026,975
	15,375,004	15,537,962

14. 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.

15. 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 November 30, 2021 of $499,769 (August 31, 2021 - $785,582). The Company's allowance for doubtful accounts as at November 30, 2021 amounted to $55,510 (August 31, 2021 - $55,510). As at November 30, 2021, the percentages of past due trade accounts receivable were as follows: 7% past due 61 to 90 days (August 31, 2021– 4%) and 11% past due greater than 90 days (August 31, 2021 – 20%) 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 November 30, 2021 of $3,465,328 (August 31, 2021 - $3,547,774). 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 nature. As at November 30, 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 November 30, 2021 of $290,440 and lease obligations of $351,989 (August 31, 2021 – accounts payable and accrued liabilities of $338,539 and lease obligations of $383,939).

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 November 30, 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 $14,671 (November 30, 2020 – $14,330) 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.

15. FINANCIAL RISK MANAGEMENT (cont'd)

c) Market risk (cont'd)

At November 30, 2021, the Company held net financial assets of US$1,344,180 (November 30, 2020 - US$1,102,393) 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 $85,974 (November 30, 2020 - $71,463).

16. SEGMENTED REPORTING

The Company operates substantially all 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 For the three months ended November 30	2021 $	2020 $
Canada	228,196	221,799
United States and other	395,938	627,385
	624,134	849,184

For the three months ended November 30, 2021 revenue from a single customer made up 20% of total revenue in the period and for the three months ended November 30, 2020, revenue from a single customer made up 17% of total revenue in the period.

At November 30, 2021, non-current assets held in Canada were $1,218,846 (August 31, 2021 - $4,401,930) and in the United States were $3,119 (August 31, 2021 - $3,283).

TITAN LOGIX

Corporate Address:

4130 – 93 Street NW
Edmonton, Alberta, Canada T6E 5P5
Phone: (780) 462-4085; Fax: (780) 450-8369

Branch Address:

Denver, Colorado
United States of America
Phone: (877) 462-4085

Exchange Listing:

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

Investor Information:

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

Transfer Agent:

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

Directors:

S. Grant Reeves, BA
Chairperson of the Board

Helen Cornett, CPA, CA
Audit Committee Chairperson

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

Robert Tasker, BASc, Engineering, MBA

Officers:

Nicholas Forbes, BCom
Chief Executive Officer

Angela Schultz, CPA, CMA
Chief Financial Officer

Auditors:

Grant Thornton LLP

www.titanlogix.com