Management's Discussion and Analysis
Fiscal 2021

August 31, 2021

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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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