TITAN LOGIX

Quarterly Report
Q2 Fiscal 2021

February 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) has been prepared by management as of April 20, 2021. It updates the annual MD&A included in our 2020 annual report and should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes for the period ended February 28, 2021 as well as the audited consolidated financial statements and MD&A included in the Company's 2020 annual report for fiscal year ended August 31, 2020. The Company prepares and files its condensed consolidated interim financial statements in Canadian dollars and in accordance with International Financial Reporting Standards (IFRS). This MD&A compares the Company's fiscal 2021 second quarter results to the previous year's second quarter. We have not provided an update where an item is not material or where there has been no material change from the discussion in our annual MD&A.

The condensed consolidated interim financial statements and MD&A for the six months ended February 28,2021 as well as the 2020 annual audited financial statements and MD&A and 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 the discussion in this MD&A.

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 tha*
- *Fluctuations in currency rates;*
- *The ability to attract and retain key personnel or managemer*
- *Expansion of products by internal growth, partnerships or a*
- *Incorrect assessment of value of acquisitions;*
- *Ability to complete strategic acquisitions of additional bu*
- *Stock market volatility;*
- *Obtaining required approvals from regulatory authori*
- *Titan's ability to achieve an acceptable return on ir 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, making smarter, faster business decisions more adaptable to change. We aim to transform our customer's value of data-centric decisions on commercial transportation applications by delivering operational efficiencies, regulatory compliance and inventory tracking to let them be more profitable and to lead in their respective industries.

Our Brand Promise: "Be ahead of the Traffic with Titan - 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 focuses on providing data driven solutions for Supply Chain Management (SCM) of goods and services supplied to oil and gas, and the transportation industries. Titan's solutions have traditionally focused on mobile liquid level sensor technology. 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 sensor products interconnected by rugged gateway devices to the internet and integrated to enable best-in-class data analytics 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 Titan Gateway, re-introduced as the SmartTruck Edge for mobile tankers, provides the ability to transmit the asset data from Titan's TD100™, Finch II, LoadMaxx products and other 3rd party sensors and data devices. The Titan SmartTruck Edge can collect real time data on driver performance, driver health, equipment status, fluid level and weight inventories, alarm conditions, and GPS location data. All data is 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 in partnership with its tech partners have developed industry leading 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.

QUARTERLY HIGHLIGHTS

- Revenues for the second quarter of fiscal 2021 ending February 28, 2021 were $749,602, a $561,451 or a 43% decrease from the $1,311,053 recorded in the comparative period. Revenues continued to be impacted by the decline in global oil prices, combined with the lack of access to markets in Canada, and the ongoing impact of the COVID-19 pandemic.
- Gross profit for the second quarter of fiscal 2021 decreased by $341,541 to $353,053 or 47% of revenue compared to $694,594 or 53% of revenue in the comparative prior period. 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 underutilized capacity costs included in cost of sales.
- Total expenses in the second quarter of fiscal 2021 were $608,363 as compared with $987,927 in the comparative prior period. This reduction in expenses is primarily due to benefits received of $55,154 from the Company's continued participation in the Canada Emergency Wage Subsidy Program ("CEWS") combined with cost savings realized from cost containment efforts implemented in fiscal 2020, which included wage reductions and cuts on discretionary spending. Expenses were further reduced in the quarter by $96,360 for Scientific Research and Experimental Development (SR&ED) tax credit refunds received on eligible development projects.
- The Company reported an operating loss before other items of $255,310 compared to an operating loss of $293,333 in the second quarter of fiscal 2020. Adjusted for interest income and other items, the net loss after income taxes for the second quarter of fiscal 2021 was $64,977 compared to a net loss after taxes of $122,120 in the prior period. Despite the decrease in revenue and gross profit, there was an improvement in the operating loss before other items and the loss after income taxes in the current fiscal quarter due to the positive impacts of the reduction in total expenses. These reductions included the receipt of COVID-19 related government subsidies, SR&ED tax credit refunds, combined with cost containment efforts implemented in fiscal 2020.

FISCAL 2021 Q2 RESULTS OF OPERATIONS

($000's, except gross margin (%) and per share amounts)	Three months ended February 28,				Six months ended February 28,			
	2021	2020	Increase (Decrease)		2021	2020	Increase (Decrease)	
	$	$	$	%	$	$	$	%
Revenue	750	1,311	(561)	(43)	1,599	2,719	(1,120)	(41)
Cost of sales	397	616	(219)	(36)	865	1,286	(421)	(33)
Gross profit	353	695	(342)	(49)	734	1,433	(699)	(49)
Gross margin (%)	47%	53%			46%	53%		
Expenses								
General and administration	231	296	(65)	(22)	472	583	(111)	(19)
Marketing and sales	146	275	(129)	(47)	353	559	(206)	(37)
Engineering	104	342	(238)	(70)	236	523	(287)	(55)
Depreciation and amortization	94	92	2	3	191	184	7	4
Loss (gain) on foreign exchange	33	(17)	50	(287)	38	(18)	56	(310)
Total expenses	608	988	(380)	(38)	1,290	1,831	(541)	(30)
Net (loss) earnings	(65)	(122)	57	47	(207)	(53)	(154)	(291)
EPS - Diluted	0.00	0.00	0.00		0.00	0.00	0.00	

Revenue and gross profit

The Company's revenue is primarily 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 primarily into the mobile tanker truck market, servicing upstream/midstream oil customers. Primarily due to industry conditions, including the impact of COVID-19, revenue in the second quarter of fiscal 2021 decreased by 43% to $749,602, as compared to $1,311,053 for the second quarter of fiscal 2020 and decreased by 41% to $1,598,786 for the six month period ended February 28, 2021 as compared to $2,719,429 in the comparative period.

In the current fiscal quarter revenues generated from the Canadian market decreased by $351,199 or 72% to $135,636 as compared to $486,835 in the comparative prior period. For the six months ended February 28, 2021, year-over-year Canadian revenues decreased by 58% to $357,435 and accounted for 45% of the year-over-year decrease in revenues. Sales to the U.S, for the three months ended February 28, 2021 decreased by $210,252 or 26% to $613,966 as compared to $824,218 in the comparative period. Sales to the U.S. for the six month period ending February 28, 2021 decreased by $618,942 or 33% to $1,241,351 as compared to $1,860,293 in the comparative period. These sales accounted for 82% of the revenues in the second quarter of fiscal 2021 (2020 – 63%) and 78% for the six months February 28, 2021 (2020 – 68%). 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 $1.30 Canadian during the six months ended February 28, 2021 compared with $1.32 Canadian for the comparative prior period.

As a percentage of revenue, sales of the Company's GWR product line of technologies contributed 95% to sales in the second quarter of fiscal 2021 and year to date. This compares to 94% and 92% in the corresponding prior periods.

Gross profit decreased by $341,541 to $353,053, or 47% as a percentage of sales for the second quarter of fiscal 2021 compared with $694,594, or 53% as a percentage of sales for the comparative period and decreased by $699,584 to $734,226 or 46% as a percentage of sales for the six month period ended February 28, 2021 as compared with $1,433,810, or 53% as a percentage of sales for the comparative period. This decrease in gross profit in the current period and year-over-year is primarily due to the decrease in unit demand and the reduction in revenue. Gross margin as a percentage of sales declined to 47% for the quarter and 46% year to date from the 53% recorded in the corresponding fiscal periods largely due to the reduction in unit demand and excess capacity costs included in cost of sales.

Expenses, general and administration

General and administrative expenses (G&A) for the second quarter of fiscal 2021 were $230,877, a decrease of $65,457 or 22% from the $296,334 recorded in the second quarter of fiscal 2020. General and administrative expenses for the six month period were $471,815 a decrease of $111,200 or 19% from the $583,015 recorded in the comparable prior period. The decrease in the current quarter and year-over-year is primarily a result of a decrease in compensation costs combined with benefits of $14,078 received in the current quarter from the CEWS program and $37,515 received in the six month period. These positive impacts largely offset one-time consulting costs for the implementation and conversion of its accounting and manufacturing software to a new ERP system. G&A, as a percentage of revenue, was 31% for the second quarter and 30% for the six months ended February 28, 2021 compared to 23% and 21% respectively for the same periods of fiscal 2020.

Expenses, marketing and sales

Marketing and sales expenses for the second quarter of fiscal 2021 were $146,075 a decrease of $129,110 or 47% from the $275,185 recorded in the second quarter of fiscal 2020. Marketing and sales expenses for the six month period were $353,208 a decrease of $205,558 or 37% from the $558,766 recorded in the comparable prior period. The decrease in the current quarter and year-over-year is primarily a result of a decrease in compensation costs, a reduction in travel expenses and benefits of $14,313 received in the current quarter from the CEWS program and $37,472 received in the six month period. As a percentage of revenue, marketing and sales expenses were 19% for the second quarter and 22% for the six months ended February 28, 2021 compared to 21% for the same periods of fiscal 2020.

Expenses, engineering

Engineering expenses for the second quarter of fiscal 2021 were $103,955 a decrease of $237,688 or 70% from the $341,643 recorded in the second quarter of fiscal 2020. Engineering expenses for the six month period were $235,932 a decrease of $287,368 from the $523,300 recorded in the comparable prior period. The decrease in the current quarter and year-over-year is primarily due to cost savings realized from reduced consulting costs and compensation costs which included benefits from the CEWS program and Alberta Innovates funding of $26,763 and $24,375, respectively, received in the current quarter and $70,149 and $41,250, respectively, received in the six month period. Engineering expenses for the second quarter were further reduced by $96,360 for Scientific Research and Experimental Development (SR&ED) tax credit refunds. Engineering projects included the development of additional versions of its TD100™ transmitter, (including a wireless version, a low-cost version and a version for stationary tanks) and the development of products for its software portfolio.

Expenses, depreciation and amortization

Depreciation and amortization expenses included in operating expenses in the first six months of fiscal 2021 totalled $191,217 compared to $184,480 in the comparable period of fiscal 2020. Additional depreciation expenses recorded in cost of sales in the current six month period totalled $44,874, compared to $46,514 in the comparable period.

Expenses, foreign exchange

Changes in the value of the Canadian dollar during the period and management of conversion of receipts from U.S. revenue resulted in a loss of $38,334 on foreign currency exchange in the six months ended February 28, 2021 consisting of an unrealized loss on exchange of $38,016 and a realized loss of $318. This compares to a gain of $18,223 on foreign currency exchange in the previous period consisting of a realized gain on exchange of $26,193 and an unrealized loss of $7,970.

Operating loss and net loss

The operating loss before other items and income taxes was $255,310 for the second quarter of fiscal 2021 as compared to an operating loss before other items and income taxes of $293,333 in the comparative prior period. The operating loss for the first six months of fiscal 2021 was $556,280 as compared to an operating loss of $397,528 in the comparative prior period. The loss in the current fiscal quarter was primarily due to the reduction in revenue and gross profit, offset with a reduction in total expenses. The year over year increase in the operating loss was due to the decrease in the gross profit. The reduction in gross profit was positively impacted by the reduction in operating expenses which included the impact of subsidies received under the CEWS program combined with cost containment efforts implemented in fiscal 2020, which included wage reductions and cuts on discretionary spending. In the fiscal quarter and the six month period ending February 28, 2021, the Company benefited from COVID-19 government wage subsidy programs in the amount of $70,012 and $183,847 respectively.

The net loss after income taxes was $64,977 in the current quarter as compared to net loss of $122,120 in the comparative prior period. The decrease in net loss was primarily due to the decrease in operating loss and an increase in finance income to $196,144 from $178,675 in the prior period. The net loss after tax for the first six months of fiscal 2021 was $207,465. This compares to net loss of $53,060 in the comparative prior nine month period. This increase in net loss was primarily due to the increase in the operating loss.

SUMMARY OF QUARTERLY RESULTS

($000's, except per share amount)

Fiscal year	2021		2020				2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	750	849	609	782	1,311	1,408	1,375	1,316
Gross profit	353	381	355	382	695	739	675	742
Operating (loss) before other items and income taxes	(255)	(301)	(262)	(580)	(293)	(104)	(147)	(159)
Net (loss) earnings before income taxes	(65)	(142)	(108)	(417)	(122)	69	24	16
Net (loss) earnings	(65)	(142)	(108)	(417)	(122)	69	(28)	16
EPS - Basic	(0.00)	(0.00)	(0.00)	(0.01)	0.00	(0.00)	0.00	0.00
EPS - Diluted	(0.00)	(0.00)	(0.00)	(0.01)	0.00	(0.00)	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 the first two quarters of fiscal 2021 and last two quarters of fiscal 2020 when compared to the previous four quarters is primarily a result of the decrease in oil prices caused by the decrease in demand caused by the COVID-19 pandemic. Gross profit in the fourth quarter of fiscal 2019 was negatively impacted by impairments of inventory of $64,349.

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 $16,373,960 on February 28, 2021 as compared to $16,711,107 on August 31, 2020. Cash and cash equivalents increased by $326,777 to $9,710,456. Collections from customers decreased accounts receivable by $121,193 and inventories decreased by $81,735. Total liabilities decreased by $129,682. As at February 28, 2021, Titan had positive working capital (current assets less current liabilities) of $11,105,515 compared to $10,963,795 at August 31, 2020.

Summary of Cash Flows

Operating Activities

Net cash flows used in operating activities for the six-month fiscal period totalled $131,065, compared to $44,223 provided in the comparative period. This increase in cash flows used in operating activities is primarily due to the increase in the net loss.

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 provided in the amount of $189,124 in the six-month fiscal period is largely a result of cash flow from the collection of accounts receivables and a consumption of inventory, offset by the decrease in accounts payable. This compares with non-cash working capital provided in the comparable period in the amount of $200,257, largely a result of cash flow provided by a decrease in accounts receivable and prepaids, offset by a decrease in accounts payable.

Investing Activities

Net cash flows generated in investing activities for the six-month fiscal period totalled $538,006 primarily as a result of the finance income and payments received on the secured note offset by capital equipment purchases. This compares with $2,579,342 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 payments received on the secured note.

Financing Activities

Net cash flows used in financing activities for the six-month fiscal period amounted to $80,164 for payment of finance lease obligations as compared to $81,281 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

	April 20, 2021	February 28, 2021	August 31, 2020
Common shares issued and outstanding	28,536,132	28,536,132	28,536,132
Options outstanding	300,000	300,000	300,000

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 February 28, 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 combined with the decrease in oil prices have 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 have been implemented in order to mitigate the impact of the decline in revenues and gross profit. The Company has 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 has enacted its COVID-19 business continuity plan including safety protocol and remote working arrangements and currently only has experienced minimal disruptions to its business operations. 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 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.

BUSINESS OUTLOOK

In its traditional business, Management remains optimistic that a recovery of tank manufacturers and tanker sales will happen in 2021. Oil and Gas industry forecasters are predicting oil prices will remain strong for the next couple of years on the revelation that supply is under pressure due to OPEC reductions and the curtailment of investment in O&G processing. Strong oil prices and the cancellation of pipelines will create a demand for the movement of oil by road and rail and a need for more tank trucks in the supply chain.

In other industries Titan is focused on developing products that solve supply chain issues through digital transformation. The roll out of our IoT initiatives and market focus on a new class of channel partners, including IoT software companies is creating interest in our digital supply chain solutions. The Company is developing brand awareness and recognition as an IoT technology company. We are experiencing increased inquiries for our products.

Our marketing is focused on expanding applications through product differentiators and reaching new customer channels with digital platforms. Several of our combined hardware/software solutions are in trial including the T-load product along with our first basic user interface (UI/UX) for aggregates Supply Chain management. We are in the early stages of developing an engineered solution for the bulk delivery and retail delivery of gasoline, diesel and heating oil. Titan is pleased to announce that it has completed its first IoT sales in the agricultural fertilizer supply chain space, generating subscription revenue for the company. Along with SaaS recurring revenue, Titan announces its first commercial sale of the Titan gateway to a customer in the water disposal industry.

The Company continues to invest in its TD100™ hardware technology, including an update to our gateway product allowing it to function in computing mode as an edge computer. Titan achieved its minimum viable product (MVP) of the T-Lite wireless, non-hazardous version of the TD100™ (T-Haz) Digital Level Gauge and it is now available for sale. Along with our previously announced Titan Data System (TDS) and the Titan Application Program Interface (TAPI), our smart device app (T-APP) is now available on Google and Apple stores for connection to the wireless T-Lite Digital Level Gauge. We anticipate that these products will generate hardware sales in non-traditional supply chains and markets.

Titan's website has been updated with content related to IoT solutions and other 'ready for market' products. This will also dovetail into its networking, social media, and digital marketing efforts. The company has experienced its first sales opportunities through the website and expect that this sales tool will become standard for our customers. The Company's evolution from primarily a hardware provider to an IoT solutions provider is leading to new relationships in other markets. The adoption of Titan's IoT technology for generating, collecting and managing data for its customers brings value to those who want to see improvement in the management of their resources.

Titan's vision of digital supply chain in the transportation of liquids has created opportunities to develop partnerships with software companies who provide ERP and accounting add-on programs and applications for their customers. Titan continues to gain traction in the IoT world for solutions as the digital supply chain for fluid transportation begins to emerge. Our strategy is to foster a demand for the data we create which will generate increased sales of our hardware and software.

BUSINESS RISKS AND UNCERTAINTIES

Titan Logix Corp. faces risks that have the potential of affecting its financial condition, results of operations and cash flow. The Board and management of the Company take prudent measures to mitigate risks which may affect the Company. The Company's sales are substantially derived from one product line and as a result, a sudden or sustained decline in demand for, or production of, the product could have a material adverse effect on the Company's financial condition and results of operations. Events which could cause a drop in demand include industry factors, market economic conditions, competition and impact of pandemics as described in the Company's business risks and uncertainties in its 2020 annual report. Events that could cause an interruption in the Company's ability to produce the product include supply shortages and proprietary protections. A complete discussion of business risk factors faced by the Company can be found in the "Business Risks and Uncertainties" section of the MD&A portion of its 2020 annual report.

ADDITIONAL INFORMATION

Additional information relating to Titan Logix Corp., including its 2020 Audited Financial Statements, is available on SEDAR at www.sedar.com or on its website, www.titanlogix.com.

Notice of No Auditor Review of Interim Consolidated Financial Statements

These interim condensed consolidated financial statements and related notes for the period ended February 28, 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 consolidated financial statements.

	February 28, 2021 $	August 31, 2020 $
ASSETS		
Current assets		
Cash and cash equivalents (note 4)	9,710,456	9,383,679
Accounts receivable	485,526	606,719
Inventories	951,798	1,033,533
Prepaid expenses	60,748	116,349
Income tax recoverable	7,845	-
Current portion of investment in secured loan (note 5)	385,606	385,363
Total current assets	11,601,979	11,525,643
Non-current assets		
Property, plant and equipment	258,217	271,221
Right-of-use assets	430,765	503,040
Intangible assets	846,720	1,045,862
Investment in secured loan (note 5)	3,236,279	3,365,341
Total assets	16,373,960	16,711,107
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	369,438	430,210
Income tax payable	-	788
Current portion of finance lease obligations (note 6)	127,026	130,850
Total current liabilities	496,464	561,848
Non-current liabilities		
Finance lease obligations (note 6)	319,642	383,940
Total liabilities	816,106	945,788
Equity		
Share capital (note 7)	5,730,279	5,730,279
Contributed surplus	780,708	780,708
Retained earnings	9,046,867	9,254,332
Total equity	15,557,854	15,765,319
Total liabilities and equity	16,373,960	16,711,107

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

On behalf of the Board

"Alvin Pyke"
Director

"Helen Cornett"
Director

	Three months ended		Six months ended	
	February 28 2021 $	February 29 2020 $	February 28 2021 $	February 29 2020 $
Revenue	749,602	1,311,053	1,598,786	2,719,429
Cost of sales	396,549	616,459	864,560	1,285,619
Gross profit	353,053	694,594	734,226	1,433,810
Expenses				
General and administration	230,877	296,334	471,815	583,015
Marketing and sales	146,075	275,185	353,208	558,766
Engineering	103,955	341,643	235,932	523,300
Depreciation of property, plant and equipment	9,654	5,744	19,002	11,356
Depreciation right-of-use assets	16,829	16,866	33,925	33,732
Amortization of intangible assets	68,215	69,675	138,290	139,392
Loss (gain) on foreign exchange	32,758	(17,520)	38,334	(18,223)
Total expenses	608,363	987,927	1,290,506	1,831,338
Operating (loss) before other items	(255,310)	(293,333)	(556,280)	(397,528)
Other items				
Finance income (note 8)	196,144	178,675	361,540	359,793
Interest on finance leases	(5,811)	(7,462)	(12,042)	(15,325)
Loss on disposal of property, plant and equipment	-	-	(683)	-
Total other items	190,333	171,213	348,815	344,468
Loss before income taxes	(64,977)	(122,120)	(207,465)	(53,060)
Income tax expense	-	-	-	-
Net loss and comprehensive loss	(64,977)	(122,120)	(207,465)	(53,060)
Earnings (loss) per share (note 10)				
Basic	0.00	0.00	(0.01)	0.00
Diluted	0.00	0.00	(0.01)	0.00

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

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	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)	-	-	-	(207,465)	(207,465)
Balance, February 28, 2021	28,536,132	5,730,279	780,708	9,046,867	15,557,854

	Common Shares #	Share Capital $	Contributed Surplus $	Retained Earnings $	Total Equity $
Balance, 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)	-	-	-	(53,060)	(53,060)
Balance, February 29, 2020	28,536,132	5,730,279	780,708	9,779,628	16,290,615

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

	Three months ended February 28 2021 $	Three months ended February 29 2020 $	Six months ended February 28 2021 $	Six months ended February 29 2020 $
Cash provided by (used in)				
Operating activities				
Net (loss)	(64,977)	(122,120)	(207,465)	(53,060)
Non-cash items included in net (loss) earnings				
Interest on finance leases	5,811	7,462	12,042	15,325
Depreciation of property, plant and equipment	12,914	9,826	25,526	19,519
Depreciation of right-of-use assets	36,003	36,042	72,275	72,083
Amortization of intangible assets	68,215	69,675	138,290	139,392
Loss on disposal of property, plant and equipment	-	-	683	-
Share-based compensation	-	10,500	-	10,500
Finance income (note 8)	(196,144)	(178,675)	(361,540)	(359,793)
Changes in non-cash working capital (note 11)	41,185	415,255	189,124	200,257
Net cash (used in) provided by operating activities	(96,993)	247,965	(131,065)	44,223
Investing activities				
Proceeds on maturity of short term investments	-	-	-	2,041,227
Payments received on investment in secured note (note 6)	100,000	100,000	200,000	200,000
Finance income received and receivable (note 8)	138,398	170,715	290,359	343,848
Purchase of property, plant and equipment	(74)	(2,809)	(13,305)	(5,733)
Proceeds from disposal of property, plant and equipment	-	-	100	-
Receipt of investment tax credits	60,852	-	60,852	-
Net cash provided by investing activities	299,176	267,906	538,006	2,579,342
Financing activities				
Payment of finance lease obligation	(40,081)	(40,082)	(80,164)	(81,281)
Net cash (used in) financing activities	(40,081)	(40,082)	(80,164)	(81,281)
Net increase in cash and cash equivalents	162,102	475,789	326,777	2,542,284
Cash and cash equivalents, beginning of period	9,548,354	9,238,332	9,383,679	7,171,837
Cash and cash equivalents, end of period	9,710,456	9,714,121	9,710,456	9,714,121

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.

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 February 28, 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 condensed consolidated interim financial statements for the six months ended February 28, 2021 and February 29, 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 six months ended February 28, 2021 were authorized for issue in accordance with a resolution of the directors on April 20, 2021.

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 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 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, 2020.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

As at	February 28, 2021 $	August 31, 2020 $
Cash on hand and balances with banks	6,929,517	1,416,210
Guaranteed investment certificates	2,780,939	7,967,469
	9,710,456	9,383,679

5. INVESTMENTS

Investment in secured loan

As at	
August 31, 2020	$ 3,750,704
Principal repayments	(200,000)
Amortization of commitment fee and amendment fee	26,803
Payment in kind interest	44,378
February 28, 2021	$ 3,621,885

As at	February 28, 2021 $	August 31, 2020 $
Current portion of investment in secured loan	385,606	385,363
Long-term portion of investment in secured loan	3,236,279	3,365,341
	3,621,885	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% (2019 – 7.5%), 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 $200,000 were received in the six months ended February 28, 2021 (February 29, 2020 - $200,000). 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 and July 2020, the credit agreement with the Borrower was amended for covenant terms, subject to an amendment fee. The amendment fees of $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 interest on the loan until loan maturity.

During the six months ended February 28, 2021, the Company’s investment in the secured loan to Greypoint Capital Inc. generated finance income of $269,387 (February 29, 2020 - $255,483) (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, 2020	514,790
Finance costs	12,042
Lease payments	(80,164)
Balance at February 28, 2021	446.668
Lease liabilities due within one year	127,026
Lease liabilities due beyond one year	319,642

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, 2020 – 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, 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 February 28, 2021, the Company has 300,000 (August 31, 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:

	Six months ended February 28, 2021		Twelve months ended August 31, 2020	
	Number of options outstanding #	Weighted average exercise price $	Number of options outstanding #	Weighted average exercise price $
Outstanding, beginning of period	300,000	0.56	420,000	0.62
Granted	-	-	50,000	0.49
Forfeited	-	-	(170,000)	0.68
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 February 28, 2021.

Exercise price	Options outstanding	Average remaining life (in years)	Options vested	Options not vested
$ 0.57	250,000	3.15	250,000	-
$ 0.49	50,000	3.92	50,000	-
Total, end of period	300,000		300,000	-

During the six months ended February 28, 2021 no options were granted. During the six months ended February 29, 2020, 50,000 stock options were granted with a weighted average estimated value of $0.21 per common share as determined using the Black-Scholes Option Pricing Model. 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 six months ended February 29, 2020, 20,000 stock options that had a weighted average exercise price of $1.14 were forfeited.

8. FINANCE INCOME

	Three months ended		Six months ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
	$	$	$	$
Interest from investment in secured loan	155,261	126,615	269,387	255,483
Interest from investments in guaranteed investment certificates	35,218	43,124	86,175	84,333
Other interest income	5,665	8,936	5,978	19,977
	196,144	178,675	361,540	359,793

9. NATURE OF EXPENSES

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

	Three months ended		Six months ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
	$	$	$	$
Employee salaries and benefits				
Included in cost of sales	102,363	127,747	184,572	265,903
Included in total expenses	354,629	537,453	722,653	1,070,910
Total employee salaries and benefits	456,992	665,200	907,225	1,336,813
Depreciation and amortization				
Included in cost of sales	22,434	23,258	44,874	46,514
Included in total expenses	94,698	92,285	191,217	184,480
Total depreciation and amortization	117,132	115,543	236,091	230,994

During the six months ended February 28, 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 three months ended February 28, 2021 were reduced by $70,012 (six months ended February 28, 2021 - $183,847) with respect to the CEWS program (February 29, 2020 - $nil).

10. (LOSS) EARNINGS PER SHARE

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

	Three months ended		Six months ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
	$	$	$	$
Net (loss) (numerator for basic and diluted (loss) per share)	(64,977)	(122,120)	(207,465)	(53,060)
Weighted average number of shares outstanding – basic (denominator for basic (loss) per share)	28,536,132	28,536,132	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	28,536,132	28,536,132
Basic (loss) earnings per share	(0.00)	(0.00)	(0.01)	(0.00)
Effect of dilutive securities	-	-	-	-
Diluted (loss) earnings per share	(0.00)	(0.00)	(0.01)	(0.00)

10. (LOSS) EARNINGS PER SHARE (cont'd)

For the six months ended February 28, 2021, there were 300,000 antidilutive options (2020 – 450,000). 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

	Three months ended		Six months ended	
	February 28, 2021 $	February 29, 2020 $	February 28, 2021 $	February 29, 2020 $
Accounts receivable	68,045	170,109	121,193	215,119
Inventories	(87,148)	110,149	81,735	(1,523)
Prepaid expenses	20,000	29,559	55,601	49,376
Accounts payable and accrued liabilities	48,921	116,167	(60,772)	(51,986)
Income tax payable	(8,633)	(10,729)	(8,633)	(10,729)
	41,185	415,255	189,124	200,257

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 year was as follows:

	Three months ended		Six months ended	
	February 28, 2021 $	February 29, 2020 $	February 28, 2021 $	February 29, 2020 $
Salaries and short-term employee benefits	103,048	128,198	198,091	251,499
Share-based compensation	-	10,500	-	10,500
	103,048	138,698	198,091	261,999

During the six months ended February 28, 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 February 28, 2021 were reduced by $7,612 (six months ended February 28, 2021 - $20,285) with respect to Government of Canada's, CEWS program (February 29, 2020 - $nil).

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 finance 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	February 28, 2021 $	August 31, 2020 $
Share capital	5,730,279	5,730,279
Contributed surplus	780,708	780,708
Retained earnings	9,046,867	9,254,332
	15,557,854	15,765,319

14. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT

The Company's financial instruments consist of cash and cash equivalents, short-term investments, 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 February 28, 2021 of $541,036 (August 31, 2020 - $662,229). The Company's allowance for doubtful accounts as at February 28, 2021 amounted to $55,510 (August 31, 2020 - $55,510). As at February 28, 2021, the percentages of past due trade accounts receivable were as follows: 3% past due 61 to 90 days (August 31, 2020– 13%) and 12% past due greater than 90 days (August 31, 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 February 28, 2021 of $3,711,045 (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 nature. As at February 28, 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 February 28, 2021 of $369,438 and finance lease obligations of $446.668 (August 31, 2020 – accounts payable and accrued liabilities of $430,210 and finance 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 February 28, 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 $28,406 (February 29, 2020 – $28,892) on the Company's net earnings.

15. FINANCIAL RISK MANAGEMENT (cont'd)

c) Market risk (cont'd)

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 February 28, 2021, the Company held net financial assets of US$1,302,803 (February 29, 2020 - US$1,073,099) 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 $82,630 (February 29, 2020 - $72,053).

16. 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	Three months ended		Six months ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
	$	$	$	$
Canada	135,636	486,835	357,435	859,136
United States and other	613,966	824,218	1,241,351	1,860,293
	749,602	1,311,053	1,598,786	2,719,429

For the six month periods ended February 28, 2021 and February 28, 2020 revenue from a single customer made up 14% of total revenue in the period.

At February 28, 2021, non-current assets held in Canada were $4,768,284 (August 31, 2020 - $5,174,232) and in the United States were $3,697 (August 31, 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

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